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Tobacco Situation

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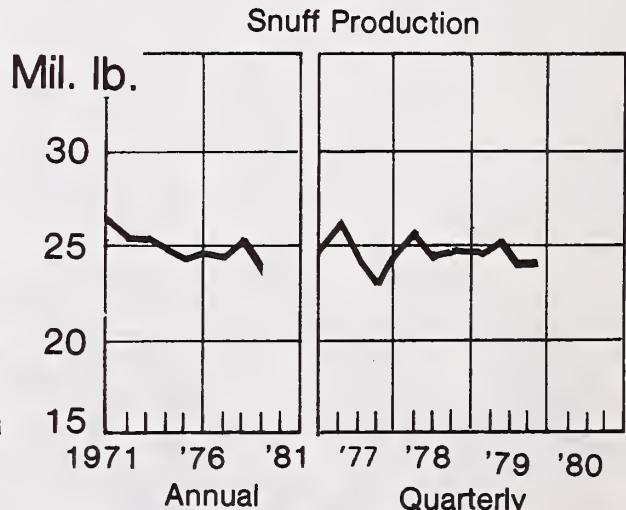
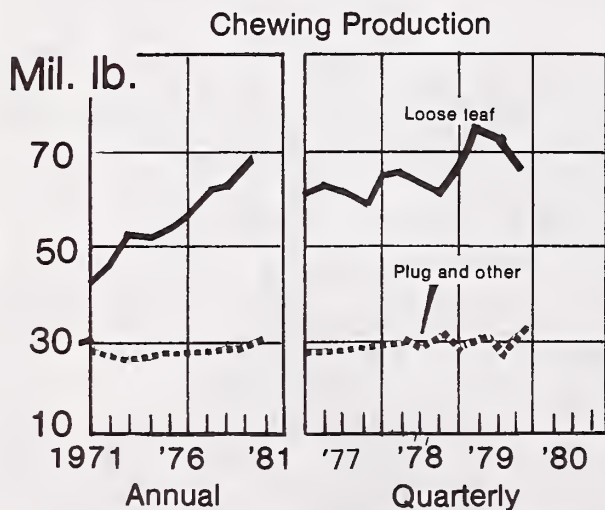
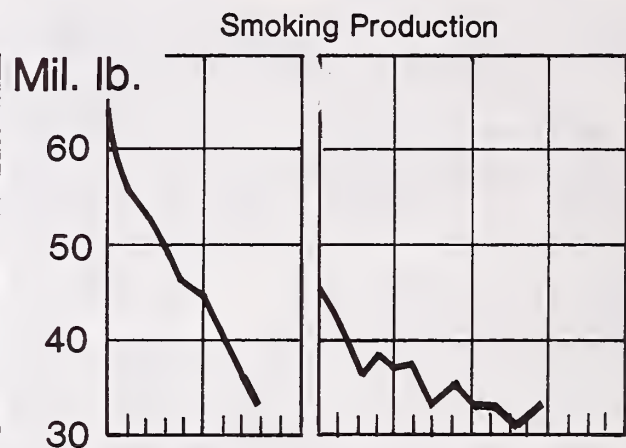
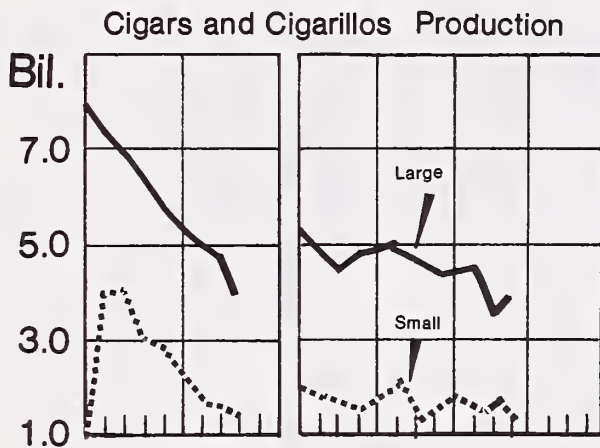
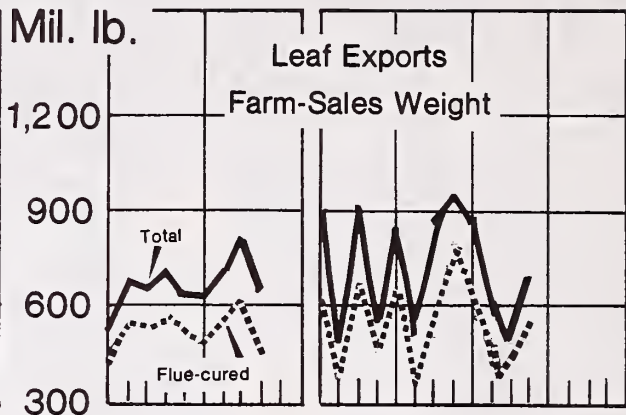
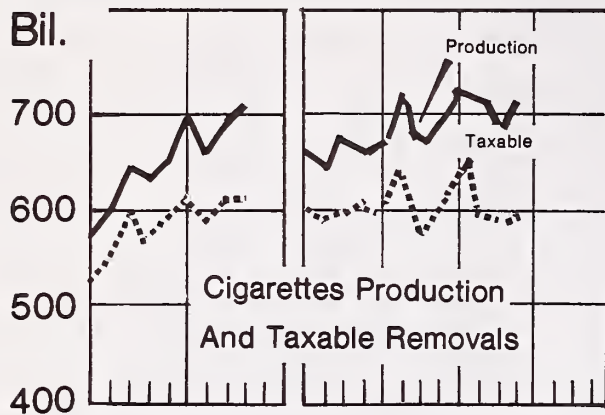
DECEMBER
1979

Approved by the
World Food and
Agricultural Outlook
and Situation Board



Tobacco Outlets

Trends in Manufactured Products and Exports



Seasonally Adjusted
At Annual Rates

Seasonally Adjusted
At Annual Rates

Last quarter shown estimated.

THE TOBACCO SITUATION

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SUMMARY

U.S. tobacco use in the current marketing year is expected to fall below last season but still exceed the 1.6-billion-pound 1979 crop. If so, next summer's carryover will decrease from the 3.6 billion pounds carried into the 1979/80 marketing year. For 1980/81, larger total tobacco output is likely in view of increased effective quotas for flue-cured and burley tobacco and if growing conditions are more favorable for yields.

Domestic tobacco supplies for 1979/80 are 6 percent smaller than last season. Beginning stocks gained 1 percent, but the 1979 crop is down 22 percent from last year's level, due to reduced acreage and lower yields. The crop suffered from the largest outbreak of field blue mold disease ever recorded.

Auction prices for flue-cured tobacco fell after mid-September when late season demand weakened. But for the entire season, prices were record high, up 4 percent from 1978. Burley sales began in late November, with prices averaging well above 1978 levels. Fire-cured and dark air-cured tobaccos have sold at higher prices this season.

Total use in 1979/80 may be off by 5 percent. With a slow export pace since July due to reduced demand, U.S. shipments of unmanufactured tobacco for July-October 1979 fell forty percent in volume below a year earlier but the rest of the season is expected to stay close to year ago levels. A downtrend in domestic disappearance will further pull down tobacco utilization for this marketing year.

In calendar 1979, cigarette output is running 2 percent above 1978. U.S. cigarette manufacturers are increasing export volume, and domestic sales have virtually stabilized. Despite uncertain economic prospects and continued antismoking efforts, further gains in the adult population should maintain total cigarette sales in 1980 at the high 1979 level. Chewing tobacco output is increasing; in contrast, cigar and smoking tobacco volume trails 1978 output, and the downtrend may continue in 1980.

Exports of U.S. unmanufactured tobacco (leaf) are decreasing during 1979 to 525 to 550 million pounds (580 to 610 million pounds, farm-sales

weight), one-fifth below 1978's record high. Total export value is also off. Reduced quantity of the U.S. crop in 1979, more adequate foreign holdings of older U.S. crops, and less favorable dollar conversion rates for foreign buyers have hurt this season's exports. Total leaf exports for the 1980 calendar year will do well to equal this year's level.

Imports accounted for 25 percent of U.S. manufacturers' tobacco use last marketing year (22 percent of use for cigarettes and 60 percent for cigars). January-October imports for consumption (factory use) were 12 percent above a year ago. This calendar year's total will substantially exceed last year's 336 million pounds and a similar high level could enter next year.

The *flue-cured tobacco* supply for the 1979/80 marketing year (July-June), at 3.05 billion pounds, is 6 percent below last year reflecting the 23 percent smaller crop. With marketings below indicated use, the mid-1980 carryover is estimated to fall from the 2.07 billion pounds of a year earlier by around 110 million pounds. The past season's grower prices averaged \$1.40 per pound, 5 cents above 1978. Market averages were more uniform across the 5-State belt than in the last several years. The sizable loan stocks of downstalk tobacco remain an industry concern, but no further buildup occurred since weather conditions limited leaf

development and growers left unharvested some of that low-value category.

The 1980 national flue-cured marketing quota has been set the same as 1979. Tentatively, the effective quota (reflecting adjustments for the last season's marketings above and below quota) is 1.19 billion pounds, 11 percent higher than last year. The price support level goes up about 9 percent next season, reflecting higher prices paid by farmers.

The *burley tobacco* supply for 1979/80 (October-September) is 1.72 billion pounds, 6 percent below last season. Carryover on October 1 stabilized as 1978/79 marketings matched last season's utilization. The 1979 crop forecast is 479 million pounds, 23 percent below 1978's production. Burley auctions through December 13 averaged \$1.45 per pound, 13 cents above last year. About two-thirds of the crop will be sold in the pre-Christmas sales period. For 1980/81, the effective quota will increase due to the large quantity of undermarketings from the 1979 season.

Supplies of the Maryland, fire-cured, and air-cured tobaccos are below last season. Cigar tobacco supplies are similar. Marketing quotas and acreage allotments for types under quota and Maryland and Pennsylvania filler will be announced by February 1.

TOBACCO PRODUCTS

Cigarette Production Higher

In spite of a stable pattern for domestic sales, rising exports are pulling 1979's cigarette production to a record level, 2 percent above 1978.

U.S. consumption totaled 471 billion cigarettes during January-September 1979, 2 billion above a

year earlier. Based on State cigarette tax receipts, unit sales for the first 9 months of 1979 registered 0.6 percent gain over the corresponding period of 1978. In the light of continued anti-smoking publicity and almost static real incomes in prospect, total cigarette consumption will do well to hold its own the next 12 months. Low-tar, low nicotine cigarette

Table 1—Cigarettes: U.S. output, removals, and consumption, 1970-79

Year	Removals							Total U.S. consump- tion ³
	Output	Taxable	Total	Tax-exempt		Overseas forces ²	Estimated inventory increase	
				Exports	Shipments ¹			
	Billions							
1970	583.2	532.8	51.2	29.2	3.7	18.4	14.7	536.5
1971	576.4	528.9	49.2	31.8	2.7	14.7	-11.4	555.1
1972	599.1	551.0	49.0	34.6	2.1	12.3	-3.3	566.8
1973	644.2	590.3	55.9	41.5	2.0	12.4	13.1	589.7
1974	635.0	576.2	59.2	46.9	1.9	10.4	-12.1	599.0
1975	651.2	588.3	62.3	50.2	1.5	10.6	-7.7	607.2
1976	693.4	617.9	72.1	61.4	1.9	8.8	13.5	613.5
1977	665.9	592.0	78.1	66.8	1.1	10.2	-14.4	617.0
1978	695.9	614.2	85.1	74.4	1.2	9.6	8.2	616.0
1979 ⁴ . . .	705.0	610.0	93.0	80.0	1.0	12.0	5.0	617.0

¹ To Puerto Rico and other U.S. possessions. ² Includes ship stores and small tax-exempt categories. ³ Taxable removals, overseas forces, inventory change and imports (negligible). ⁴ Estimated.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census.

Table 2—Cigars and smoking tobacco: Output, removals, and consumption, 1977-79

Year and item	United States factories			From Puerto Rico taxable	Imports	Exports	Total U.S. consumption ¹
	Output	Removals					
		Taxable	Tax-exempt				
	Millions						
Large cigars ²							
1977	3,927	3,776	134	1,098	97	117	4,988
1978	3,795	3,621	164	986	99	168	4,702
1979 ³	3,600	3,300	170	905	95	170	4,300
	Million pounds						
Smoking tobacco							
1977	40.7	40.2	.7	—	⁵ 7.2	.8	47.3
1978	36.4	35.2	.8	—	9.0	.9	44.2
1979 ³	33.0	32.0	.9	—	7.1	1.0	39.0

¹ Total removals (or sales) from U.S. and Puerto Rico, factories plus imports, minus exports. ² Includes cigarillos. ³ Estimated. ⁴ From European countries. Excludes leaf exporting countries normally not suppliers of packaged tobacco.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, Bureau of the Census, and Agricultural Marketing Service, USDA.

brands continue to grow as consumers shift from other brands. For 1979, the low-tar category has taken about 41 percent of the domestic market, compared with 33 percent last year.

In December, some manufacturers increased their cigarette prices by 75 cents per thousand or 4½ percent. The previous price boost in July was 3½ percent. Retail cigarette prices average 6 percent higher in 1979, compared with last year. However, the hike for cigarettes averaged less than the general rise in consumer prices. This year, five States raised cigarette taxes compared with one State in 1978. By October, the weighted average State cigarette tax was 13.1 cents per pack, 0.2 cents above a year earlier.

Smokeless Tobacco Use Gaining

Chewing tobacco output gained further in the third quarter, as sales rose smartly for loose leaf and fine cut tobaccos. Total production for 1979 may exceed last year's figure by 7 percent. *Snuff* production so far this year is below 1978.

Table 3—Cigars: Taxable removals by revenue class, January-September 1979

Revenue class and wholesale price per thousand cigars ¹	Number	Change from 1978
	<i>Billions</i>	<i>Percent</i>
A-C (up to \$66)	1.39	-17.8
D-E (over \$66 to \$120) . . . . .	.78	+19.4
F-H (over \$120)	1.05	-7.2
Total removals ³	3.22	-7.4

¹ Wholesale price classes roughly equivalent to retail price classes used prior to February 1, 1977. ² Computed from unrounded data. ³ Adjusted for duplicated imports. Compiled from reports of the Bureau of Alcohol, Tobacco and Firearms, and Cigar Association of America, Inc.

Domestic use of *smoking tobacco*—including imports—for the third quarter remained below a year earlier. For all of 1979, smoking tobacco consumption will likely drop some 12 percent from 1978. Following the pattern of recent years, the downtrend may continue in 1980.

Consumption of *large cigars* (including cigarillos) totaled 3.25 billion large cigars in January-September, 7 percent fewer than a year earlier. The 1979 total will be down by a similar percentage (table 2). Cigar shipments from Puerto Rico as well as U.S. output were down. This year's sales are less except for the higher price categories. Since 1964, the overall consumption trend has been downward and this pattern is expected to continue in 1980.

Table 4—Tobacco products: Output, 1977-79

Item	1977	1978 ¹	1979 ²
	<i>Million pounds</i>		
Chewing tobacco			
Plug	16.4	15.9	15.5
Twist	2.2	2.1	2.0
Fine-cut	10.1	12.0	13.5
Loose leaf	61.2	64.6	70.5
Total	89.9	94.6	101.5
Snuff	24.6	25.1	23.5
Smoking tobacco in bulk (exports)	9.8	4.3	27.0
	<i>Millions</i>		
Small cigars	1,864	1,645	1,500

¹ Subject to revision. ² Estimated.

Basic data compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, Bureau of the Census, and Agricultural Marketing Service, USDA.

U.S. EXPORTS AND IMPORTS

Export Decline

Exports of unmanufactured tobacco this year through October totaled 22 percent below a year earlier and the last two months of the year probably fell from the high level of October-December 1978. Vigorous demand and a vintage crop accounted for the record export total last year. By contrast, the 1979 total is expected to fall even short of the 1972-76 average of 602 million pounds (273 thousand metric tons, equivalent to 674 million pounds farm-sales weight).

U.S. EXPORTS OF TOBACCO BY DESTINATION

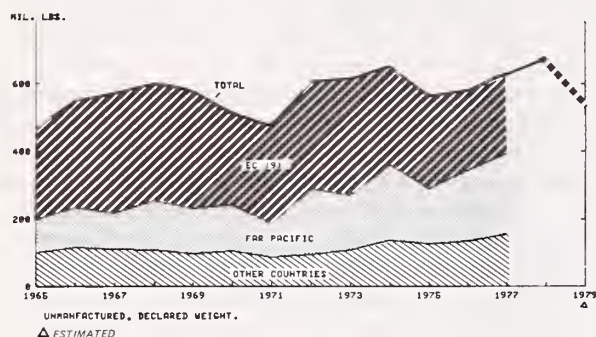


Table 5—U.S. cigarette exports to leading destinations, 1978-79

Country	1978	January-October	
		1978	1979 ¹
<i>Billions</i>			
Belgium-Luxembourg. . . .	13.6	11.1	10.9
Hong Kong.	6.2	5.3	4.7
Netherlands Antilles	4.5	3.9	3.9
Japan	3.8	2.7	2.9
Iran	8.4	7.4	1.5
Saudi Arabia.	3.9	3.2	3.6
Spain	3.4	2.7	2.8
Kuwait	1.8	1.5	2.9
United Arab Emirates	1.7	1.3	4.9
Canary Islands.	1.6	1.3	1.9
Syrian Arab Republic. . . .	.5	.4	.7
Lebanon	1.8	1.8	1.2
Panama.	1.5	1.3	1.7
Other countries	21.7	17.5	21.5
Total.	74.4	61.4	65.1

¹ Subject to revision.

Compiled from publications and records of the Bureau of the Census.

Calendar 1980 exports may remain at this year's level or around 525-550 million pounds. Rising overseas production at attractive prices to foreign manufacturers will limit U.S. exports in 1980.

For January-October 1979 decreases in exports were registered for flue-cured and burley, the principal export classes. Dark-fired and cigar leaf also showed declines (tables 3 and 4). Among U.S. major markets, Taiwan and several Far East markets took more. Europe, including the nine-member European Community (EC), took 26 percent less U.S. tobacco as foreign manufacturers had largely rebuilt inventories in 1978.

Import Rise Continues¹

Through October this year, U.S. tobacco imports for consumption (duty-paid imports) increased a fifth above a year earlier. Scrap tobacco accounted for the gain. Oriental tobacco, the major import class, was down slightly, reflecting shifts in tobacco usage in cigarettes. Flue-cured imports increased, reflecting sizable shipments from Canada. Cigar leaf and scrap imports are up, despite the reduced level of cigar output. Other scrap tobacco (primarily for cigarettes) rose 28 million pounds with Italy, Korea, and Brazil major countries of origin. Scrap tobacco imports carried an average value of \$1.07 per pound, compared with \$2.32 for exports of U.S. flue-cured stemmed leaf. Imports in 1980 may rise further.

January-October 1979 arrivals of tobacco (general imports) were 21 percent above the year-earlier level. Both leaf and scrap categories were up. Brazil was a major scrap source, with its shipments to the U.S. valued at \$1.19 per pound. With a sizable gain in output last year, oriental leaf imports gained sharply.

U.S. stocks of foreign-grown cigarette and smoking tobacco rose over the past 12 months. On October 1, 1979, stocks totaled 696 million pounds (farm-sales weight), 16 percent above the year-earlier level. About one-half of these foreign-grown tobacco stocks consisted of flue-cured and burley.

¹The U.S. Customs Service has received a petition from a flue-cured tobacco producer requesting the reclassification of certain imported cigarette tobacco as stemmed cigarette leaf filler instead of scrap tobacco as currently classified. *Federal Register*, Vol. 44, No. 190, Sept. 28, 1979. p. 56089.

Table 6—United States exports unmanufactured tobacco by type and to principal importing countries, 1975-79

(Declared weight)

Type and country	1975	1976	1977	1978 ¹	January-October		1979 as a percentage of 1978
					1978	1979 ²	
	Million pounds						Percent
Type:							
Flue-cured	391.4	378.7	411.7	454.8	316.1	242.8	77
Burley	61.9	67.9	79.1	91.0	85.4	77.1	90
Maryland.	4.1	8.3	7.7	10.6	8.1	5.5	68
Fire-cured, Ky. and Tenn.	14.9	16.3	19.1	22.6	15.4	9.8	64
Virginia fire and sun-cured.	3.3	2.9	3.7	2.5	2.4	2.9	121
Green River and One Sucker . . . . .	.3	.3	.1	.1	.4	.2	50
Black Fat	3.5	3.3	2.7	2.6	2.2	2.3	105
Cigar wrapper	4.3	3.8	4.1	3.7	2.9	4.5	155
Cigar binder . . . . .	.2	.3	.2	*	*	.1	—
Cigar filler . . . . .	.2	.4	.3	.2	.2	.1	50
Perique. . . . .	.1	.1	.1	.1	*	*	—
Stems, trimmings and scrap	78.9	95.8	99.9	111.8	84.4	60.3	71
Total	563.0	578.1	628.6	700.0	517.6	405.8	78
Country of destination:							
United Kingdom	78.5	71.8	46.8	148.8	106.2	54.9	52
France	9.5	8.3	6.3	9.8	7.5	9.8	131
Belgium-Luxembourg	8.1	7.5	10.4	16.9	10.9	3.5	32
Netherlands	29.9	24.7	30.5	34.2	24.4	21.2	87
West Germany.	91.0	73.7	78.9	53.2	42.4	54.1	128
Denmark.	16.4	9.0	16.9	27.1	18.7	12.9	69
Ireland	8.2	7.7	5.4	5.3	4.2	5.0	119
Italy	31.5	33.2	40.6	41.0	39.6	32.3	82
Subtotal EC	273.1	235.9	235.8	336.3	253.9	193.7	76
Switzerland	25.9	24.4	28.8	26.2	20.3	14.0	69
Finland.	8.0	6.2	5.3	7.7	5.6	5.5	98
Norway	5.6	5.5	6.0	4.2	4.0	5.0	125
Sweden.	15.3	14.1	11.8	17.5	16.0	10.2	64
Spain.	9.4	4.7	5.1	19.9	16.4	3.5	21
Thailand	18.7	21.8	16.0	18.2	18.2	18.8	103
Korea, Rep. of	3.0	7.2	9.8	9.9	9.9	13.1	132
Malaysia	7.1	7.3	12.2	10.7	8.9	7.7	87
Philippines.	11.8	13.0	15.4	13.9	10.9	9.8	90
Taiwan.	16.0	12.3	20.6	25.8	17.2	20.3	118
Japan.	81.5	132.7	135.4	102.2	42.8	36.2	85
Australia	15.5	10.3	14.2	12.3	10.0	7.9	79
New Zealand	5.0	4.9	5.0	3.7	3.0	3.5	117
Egypt.	10.4	11.1	26.7	24.5	24.5	3.8	16
Other countries	56.7	66.7	80.5	67.0	56.0	52.8	94
Total	563.0	578.1	628.6	700.0	517.6	405.8	78

¹ Subject to revision. ² Preliminary. * Less than 50,000 pounds. Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Table 7.--United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1976/77-1978/79 ^{1/}

(Declared weight)

Importing countries	1976/77	1977/78	1978/79 ^{2/}	Importing countries	1976/77	1977/78	1978/79 ^{2/}
	Million pounds				Thousand pounds		
	Flue-cured, types 11-14				Va. fire & sun-cured, types 21 & 37		
United Kingdom	47.2	62.3	92.4	Switzerland	909	0	538
West Germany	57.1	43.5	39.9	Norway	1,188	908	1,716
Japan	67.9	74.8	71.5	Sweden	524	302	416
Netherlands	13.1	16.4	11.8	West Germany	774	502	71
Thailand	18.1	11.6	15.1	Other countries	2,355	349	383
Australia	9.0	9.8	8.6				
Italy	19.4	25.3	16.0	Total	5,750	2,061	3,124
Sweden	8.2	5.8	5.7				
Norway	4.8	2.7	2.8		One Sucker, type 35		
Finland	4.7	3.0	5.0				
Denmark	11.6	10.5	14.4	Belgium-Luxembourg	0	0	0
Ireland	5.0	2.2	5.9	Zaire	0	0	154
Belgium-Luxembourg	4.6	8.8	7.4	Other countries	7	97	70
Switzerland	7.2	9.4	6.7				
Rep. of Korea	7.8	0	17.4	Total	7	97	224
Philippines	8.9	8.5	5.8				
Spain	5.2	8.2	10.4		Green River, type 36		
Malaysia	9.1	7.6	9.6				
Taiwan	13.6	18.9	33.9	United Kingdom	50	59	43
Egypt	11.3	14.9	10.4	Dahomey	0	294	64
Other countries	59.3	54.8	48.8	Zaire	0	0	117
				Other countries	4	19	86
Total	381.8	399.0	439.5	Total	54	372	310
	Burley, type 31						
Italy	16.4	18.5	17.3		Cigar Filler, types 41-44		
United Kingdom	2.2	9.6	21.0				
Denmark	2.5	2.0	2.4	New Zealand	0	0	0
Netherlands	1.7	2.2	5.1	France	139	112	77
Japan	10.2	10.4	14.8	Other countries	196	131	50
West Germany	18.6	7.0	6.0				
Switzerland	6.5	6.6	4.8	Total	335	243	74
Syria	2.6	3.4	0				
Thailand	4.4	6.6	2.9		Conn. Binder, types 51-52		
Philippines	5.0	4.8	5.9				
Other countries	19.0	12.2	5.7	West Germany	0	0	0
				United Kingdom	0	0	0
Total	87.1	83.3	85.9	Canada	66	6	0
				Other countries	66	24	17
	Maryland, type 32			Total	132	30	17
Belgium-Luxembourg	1.0	.8	.6				
West Germany	1.5	.9	1.7		Wis. Binder, types 54-55		
Switzerland	5.5	3.8	2.7				
Other countries	1.4	1.6	2.7	Dominican Republic	76	79	0
				Other countries	13	18	2
Total	9.4	7.1	7.7	Total	89	97	2
	Ky.-Tenn. fire-cured, types 22-23						
Sweden	.9	.3	.5		Cigar Wrapper, types 61-62		
Netherlands	12.1	9.3	10.9				
Belgium-Luxembourg	1.2	.5	.3	United Kingdom	299	385	477
France	1.4	2.4	.3	West Germany	168	322	87
Switzerland	.9	.2	.8	Canada	104	71	21
Other countries	4.1	3.0	6.6	Dominican Republic	1,691	2,284	3,265
				Netherlands	553	537	545
Total	20.6	15.7	19.4	Other countries	549	647	337
				Total	3,364	4,246	4,732
	Stems, trimmings, and scrap						
Sweden	2.9	3.9	2.7		Black Fat		
Denmark	5.6	3.6	6.7				
United Kingdom	16.2	19.5	20.9	Dahomey	1,468	785	1,609
West Germany	7.2	5.5	10.0	Cameroon	286	297	317
Japan	24.2	28.3	15.9	Niger	399	410	241
Other countries	39.1	38.0	34.3	Nigeria	355	505	253
				Togo	274	447	417
Total	95.2	98.8	90.5	Other countries	153	255	127
				Total	2,935	2,699	2,964

^{1/} July-June crop year for flue-cured, cigar wrapper, stems, trimmings, and scrap; October-September crop for all other types.
^{2/} Subject to revision.

Compiled from publications and records of the Bureau of the Census.

Table 8—Imported foreign-grown cigarette leaf stocks, by quarters, 1971-79¹

Year	Jan. 1	April 1	July 1	Oct. 1	Jan. 1	April 1	July 1	Oct. 1
<i>Million pounds</i>								
Foreign-grown flue-cured				Foreign-grown oriental and aromatic				
1971	13	11	14	15	367	371	382	347
1972	12	12	24	19	320	357	389	360
1973	31	31	40	38	369	376	387	360
1974	38	44	47	54	355	374	383	350
1975	53	49	70	70	377	412	415	380
1976	74	73	72	101	361	431	416	405
1977	100	102	109	117	397	365	362	347
1978	117	120	130	132	344	364	345	295
1979	132	133	147	157	326	359	366	350
Foreign-grown burley				Total imported cigarette leaf				
1971	5	5	4	6	386	386	400	367
1972	7	9	9	11	339	377	423	390
1973	17	24	27	36	418	431	455	434
1974	49	59	67	88	442	477	497	493
1975	118	107	145	136	548	567	623	587
1976	134	124	132	141	568	628	619	646
1977	139	132	127	138	637	599	598	602
1978	140	136	150	174	601	619	625	601
1979	172	163	171	189	630	655	684	696

¹ Farm sales weight.

TOBACCO LEAF SITUATION AND OUTLOOK²

1979 Crop Highlights

The 1979 tobacco production is forecast to be the smallest since 1943 and 22 percent below last year. Unfavorable growing conditions contrasted sharply with last season when weather conditions were near ideal. Lower effective quotas applied this season for flue-cured and burley, and acreage of all tobacco decreased 11 percent. Production per acre fell from last year in almost all States and Belts. The crop suffered from cool, wet weather and the most extensive outbreak of field blue mold disease ever recorded. Extension Service personnel plan to monitor conditions in 1980 to provide an early

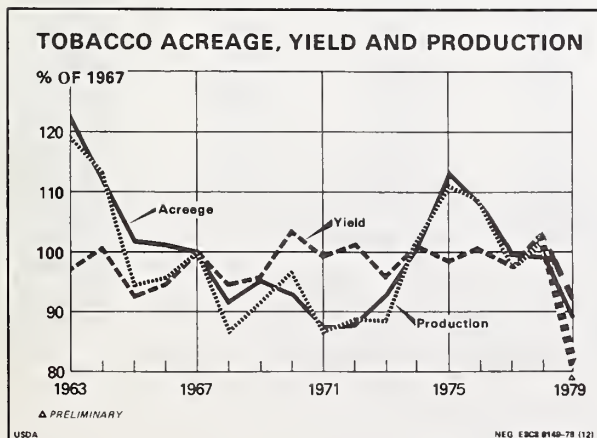
warning of any recurrence. A chemical control is in existence, but has not yet been approved for general use.

The smaller crops of flue-cured, burley and other kinds of tobacco means reduced total supplies. For most tobacco types, about the same or larger carryovers were reported. Prices for the current season will likely average 5 cents or so a pound above last season and reach a new record. The gain primarily reflects rising support levels. Volume of tobacco placed under loan this season will fall short of the 1978 season. With the smaller crop, farmers' cash receipts from tobacco for calendar 1979 have fallen about a tenth from 1978's record of \$2.6 billion.

1980 Marketing Quotas and Allotments

The 1980 national quota for flue-cured tobacco is the same as for 1979. But with the under-quota marketings from the 1979 crop, the effective quota is increased 11 percent (table 6). Flue-cured growers voted in a referendum on December 18, whether to accept marketing quotas on their next three crops.

By February 1, USDA will announce the 1980 marketing quotas and acreage allotments for burley and several other kinds of tobacco. Shortly



²All quantities in this section are stated in farm-sales weight equivalent unless otherwise noted.

Table 9.--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1978-79

(Declared weight)								
Classification and country of origin	Imports for consumption				General imports (arrivals)			
	January-October				January-October			
	1978	1978	1979	1979 as a percentage of 1978	1978	1978	1979	1979 as a percentage of 1978
	- - Million pounds - -		Percent		- - Million pounds - -		Percent	
<u>Cigarette tobacco:</u>								
<u>Leaf:</u>								
<u>Oriental:</u>								
Turkey	90.3	77.7	75.9	98	90.8	58.4	97.7	167
Greece	26.5	22.6	23.5	105	29.8	22.7	14.3	63
Yugoslavia	17.1	15.3	12.2	80	12.9	12.1	14.4	119
Lebanon	3.9	3.4	4.0	118	7.1	7.1	2.4	34
Other countries	35.6	31.1	25.9	83	29.7	16.8	22.7	135
<u>Flue-cured</u>	5.2	4.7	10.2	217	19.1	15.4	13.0	84
Burley	13.7	13.5	11.5	85	35.2	32.6	25.4	78
Other	4.9	4.3	1.9	44		3.4	1.1	32
Subtotal	197.2	172.6	167.0	97	224.6	168.5	191.0	113
<u>Scrap: 2/</u>								
Brazil	27.3	19.1	25.6	134	11.3	10.5	25.6	244
Korea, Republic of	16.7	14.6	15.4	106	25.3	24.6	10.9	44
Italy	4.3	2.7	15.3	559	9.1	6.5	9.8	151
Mexico	6.0	5.3	5.9	112	4.4	4.2	2.9	69
Turkey	6.4	5.5	9.0	163	3.3	1.6	9.1	569
Other countries	27.6	29.5	33.6	114	40.6	34.8	39.3	113
Subtotal	88.3	76.7	104.8	137	94.1	82.2	97.6	119
TOTAL	285.5	249.3	271.8	109	318.6	250.7	288.6	115
<u>Cigar tobacco:</u>								
<u>Wrapper</u>	1.6	1.4	3.3	235	2.2	2.0	1.7	85
<u>Filler-stemmed and unstemmed:</u>								
Dominican Republic	1.1	1.0	1.1	110	6.4	5.9	7.4	125
Other countries	6.7	5.7	4.0	70	14.5	11.7	15.3	131
Subtotal	7.8	6.7	5.1	76	20.9	17.6	22.7	129
<u>Scrap</u>								
Philippine Republic	8.9	7.4	6.8	92	4.1	3.6	5.9	164
Indonesia	3.4	2.6	4.3	164	1.8	1.4	4.2	300
Dominican Republic	5.0	4.2	4.8	113	1.6	1.5	2.6	173
Brazil	2.2	1.9	2.5	127	2.1	1.8	1.9	106
Other countries	11.2	9.6	11.4	119	6.7	2.8	6.5	232
Subtotal	30.7	25.7	29.8	116	16.3	11.1	21.1	190
TOTAL	40.1	33.8	36.2	107	37.8	32.5	49.5	152
<u>Stems</u>	10.3	9.8	17.3	177	10.7	10.1	17.6	174
<u>Grand total</u>	336.0	293.0	327.2	112	367.1	293.3	355.7	121

1/ Preliminary. 2/ Includes minor quantities for smoking tobacco, chewing tobacco, and snuff.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Table 10—U.S. tobacco: Acreage and yield, 1977-79

Type	Acreage			Change from 1978	Yield per acre			Change from 1978
	1977	1978	1979 ¹		1977	1978	1979 ¹	
	<i>1,000 acres</i>			<i>Percent</i>	<i>Pounds</i>			<i>Percent</i>
Flue-cured								
11—Old and Middle Belt, VA.-N.C.	221.0	211.0	184.0	-12.8	1,777	1,916	1,750	-8.7
12—Eastern N.C.	177.0	186.0	159.0	-14.5	1,955	2,255	1,900	-15.7
13—S.C.—Border N.C.	114.0	120.0	97.0	-19.2	2,022	2,157	2,085	+1.0
14—Georgia—Florida	77.2	72.0	64.0	-11.1	2,078	2,064	1,937	-6.2
Total, types 11-14	589.3	589.0	504.0	-14.4	1,917	2,090	1,886	-9.8
Burley, type 31	268.6	261.0	245.3	6.0	2,298	2,399	1,953	-18.6
Total, all types 11-72	957.5	948.1	839.6	-11.6	1,997	2,135	1,874	-12.2

¹ November 1 indications, burley is December 1.

Table 11—Flue-cured and burley tobacco: Marketing quota and marketings, 1970-80

Year	Quota		Marketings				
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under quota ¹	Net carryover ²
	<i>Million pounds</i>						
	Flue-cured, types 11-14						
1970	1,071.5	1,190.8	1,178.2	65.1	71.2	63.4	-1.7
1971	1,071.6	1,069.9	1,076.3	60.4	49.9	45.8	-14.5
1972	1,071.2	1,056.7	1,022.1	41.2	72.9	68.1	26.8
1973	1,178.7	1,205.6	1,159.0	54.8	100.5	95.3	40.5
1974	1,296.6	1,337.1	1,245.3	50.0	138.9	132.4	82.5
1975	1,491.4	1,572.3	1,414.6	50.9	203.2	192.3	141.0
1976	1,268.1	1,409.1	1,316.0	49.4	139.9	130.2	80.8
1977	1,116.5	1,197.3	1,124.2	42.6	115.2	106.9	64.3
1978	1,117.2	1,181.5	1,205.9	65.6	43.9	41.8	-26.4
1979 ³	1,094.9	1,068.5	⁴ 975.0				⁴ 92.0
1980 ⁴	1,095.0	1,187.0					
	Burley, type 31						
1971	555.1	553.0	471.5	9.7	91.1	89.7	80.1
1972	531.5	611.5	588.6	30.7	45.7	44.6	13.9
1973	559.7	573.6	460.7	11.3	113.1	111.7	100.3
1974	606.5	706.8	610.4	23.0	118.9	104.0	81.0
1975	669.5	750.4	639.9	21.8	127.5	113.4	91.6
1976	634.8	726.4	663.6	33.1	96.2	82.3	49.2
1977	636.2	683.4	612.6	27.2	99.0	80.8	53.6
1978	614.2	667.8	614.2	31.5	88.2	67.6	36.1
1979 ³	613.6	649.7					

¹ Under quota marketing less ineligible carryover. ² Effective under quota marketings less over quota marketings. ³ Subject to revision. ⁴ Preliminary.

Compiled from records and reports of Price Support and Loan Division, ASCS.

after the announcement, growers of burley, Maryland, Pennsylvania filler, and Virginia sun-cured types will vote for or against marketing quotas on their next three crops. If at least two-thirds of the voters approve, marketing quotas will be in effect. In previous referendums for fire-cured, dark air-cured, cigar binder (Connecticut Valley and Wisconsin), and Ohio filler types, growers approved marketing quotas for the 1980 crop.

Price Support Level

For 1980, a rise of 9 percent above the 1979 price support level is indicated. The law requires the 1980 price support adjustment to be based on the average of the parity index for 1977, 1978, and 1979 compared with 1959 base. USDA usually announces average support levels by tobacco types in the spring and individual grade loan rates just

before the opening of the various marketing seasons.

Foreign Leaf Production Again Increases

Global leaf production in 1979 will fall short of the 12.3 billion pounds (5.6 million metric tons) of last year due to the sharp decline in the United States. But outside the U.S., output gained fractionally. Production decreases in such major-producers as Canada, Japan, and Turkey were offset by sizable gains in Brazil and Zimbabwe Rhodesia. Zimbabwe Rhodesia has a sizable carryover of old crop tobacco. The 1980 plans are for a still larger crop. Growers there are anticipating some easing of the political instability and eventual lifting of economic sanctions against Rhodesian trade. Both the United Kingdom and the United States have moved toward lifting sanctions.

Table 12—Flue-cured tobacco: Gross sales (including resales), average price, and loan receipts by Belt, 1975-79

Marketing season	Old and Middle Belt, type 11	Eastern N.C. Belt, type 12	N.C. Border and S.C. Belt, type 13	Ga.-Fla. Belt, type 14	All Belts
<i>Million pounds</i>					
1975	418	523	337	190	1,469
1976	453	480	275	163	1,370
1977	385	389	243	169	1,186
1978	391	466	272	160	1,289
1979 ¹	319	343	219	137	1,018
<i>Average price per pound</i>					
<i>Cents</i>					
1975	98.5	101.1	99.9	100.1	100.0
1976	107.2	113.0	112.4	110.2	110.6
1977	114.0	118.5	124.1	115.9	117.8
1978	131.9	134.2	137.1	142.4	135.2
1979 ¹	140.1	139.3	141.8	140.0	140.1
<i>Receipts under loan</i>					
<i>Million pounds</i>					
1975	83.2	90.3	56.6	28.9	259.0
1976	134.8	80.2	37.2	24.7	276.9
1977	107.6	54.6	20.4	10.5	193.1
1978	25.9	25.0	9.2	4.0	64.1
1979 ¹	25.3	25.9	12.5	6.7	70.4
<i>Percentage of producer sales under loan</i>					
<i>Percent</i>					
1975	20.8	17.8	17.6	15.9	18.4
1976	31.0	17.4	14.2	15.9	21.1
1977	29.3	14.7	8.9	6.7	17.2
1978	7.0	5.7	3.7	2.8	5.3
1979 ¹	8.5	8.1	6.2	5.4	7.5

¹ Preliminary.

Compiled from records and reports of Tobacco Division, Agricultural Marketing Service.

FLUE-CURED

1979 Auction Prices Gain

Prices for the 1979 flue-cured crop gained 4 percent from 1978 to set a new record. With smaller volume, crop value fell one-sixth below 1978's record. Loan placements were up. Considering both the crop and Stabilization stocks, industry takings were down sharply to the lowest level since the association began in 1946.

With a sluggish demand for early offerings in Georgia-Florida, July prices averaged 5 cents per pound below a year earlier. Beltwide price averages moved up considerably by the September peak and fell less than usual in October.

Compared with the 1978 season, price averages by grades this year were mostly higher in North Carolina, South Carolina, and Virginia Belts, but were lower in Georgia and Florida. The belt averages were closer together than the previous 3 years. The season average price for gross sales (including resales) was \$1.40 per pound—up 5 cents from last year's average. Except for Georgia-Florida, price averages rose in all belts (table 7). Among the 87 markets, season averages ranged from \$1.30 a pound in Statesboro, Georgia to \$1.46 in Fitzgerald, Georgia.

Due to the reduced effective quota and under quota marketings, producers' marketings were well below last season. Producer auction sales (preliminary) totaled 942 million pounds, almost 157 million less than in 1978. Even considering an estimated 30 million pounds that was carried over from the 1978 crop in stabilization and dealer pools, total marketings were the lowest since 1943.

Quality Similar to 1978

Crop quality was near the level of last year. With unfavorable growing conditions in all areas, much of the 1979 crop did not develop. There was a larger proportion of fair and good grades than in 1978 and less nondescript and poor quality tobacco. The share for leaf and cutter grades increased, while nondescript declined.

Loan volume reached 7 percent of sales. Most of the loan receipts consisted of leaf and lug grades. Receipts of primings and nondescript grades which are already in oversupply, represented only 1.2 percent of Co-op receipts.

Season is Shortest on Record

Sales in the Georgia-Florida area opened the same time as a year ago but other areas were a week earlier in line with crop maturity. Georgia-Florida sales were slowed initially due to grower concern over lower prices. But the short crop meant sales ended on November 7, two weeks earlier than usual. Nine-tenths of the crop had been sold by early October.

The sales opportunity averaged about 85 million pounds weekly, about the same as last year, but resale allowance for warehouses was increased to 10 percent. As occurred last season, growers designated a warehouse for the sale of their crop and the USDA Flue-cured Tobacco Advisory Committee recommended opening dates and selling schedules to USDA. A buyer rotation plan was used and selling times were allocated according to the grower designations. Growers could change their warehouse designation at the beginning of each month, if they wished.

Table 13—Flue-cured tobacco: Farm marketings by belt and across-belt marketings, 1979

States and belt	Sold in—					Total sold out of belt	
	Total farm marketings	Ga.-Fla. 14	S.C.-N.C. 13	N.C. 12	N.C.-Va. 11	Amount	Percent of sales
	Million pounds					Percent	
Ga.-Fla., 14	123.8	123.8	0	0	0	0	0.0
S.C.-N.C., 13.	200.3	.8	191.0	4.3	4.1	9.2	4.6
N.C., 12	301.0	0	6.2	289.9	4.9	11.1	3.7
N.C.-Va., 11	317.1	0	3.4	25.0	288.1	29.0	9.1
Sales from out of belt	—	.8	9.6	29.9	9.1	—	—
Total ¹	942.2	124.6	200.6	319.8	297.1	49.4	5.2
	Sales from out of belt as percentage of belt sales						
	Percent						
	5.2	.6	4.8	9.3	3.1	—	—

¹ Details may not add to total due to rounding.

Compiled from records and reports of Price Support and Loan Division, ASCS.

Table 14—Flue-cured tobacco: Percentage distribution of marketings, by group and qualities, 1975-79 crops

Crop year	B-Leaf	H-S. leaf	C-Cutters	X-Lugs	P-Primings	N-Nondescript	Misc.	
	Percent							
	GROUP							
1975	48.2	8.9	8.5	14.4	11.4	5.7	2.9	
1976	57.1	3.0	8.9	12.1	11.4	6.1	1.4	
1977	50.4	1.2	4.1	13.0	6.3	22.8	2.2	
1978 ¹	58.2	1.6	10.1	14.4	8.5	6.0	1.2	
1979 ¹	58.4	1.5	9.6	16.7	8.6	4.1	1.1	
	QUALITY							
Crop year	1-Choice	2-Fine	3-Good	4-Fair	5-Low	6-Poor	Nondescript	Misc.
19751	.7	13.7	49.4	24.9	2.6	5.7	2.9
19763	1.2	18.1	50.0	20.6	2.3	6.1	1.4
19771	.2	4.9	31.5	28.1	10.3	22.7	2.2
1978	---	.5	13.1	50.7	25.1	3.4	6.0	1.2
1979 ¹	---	.5	13.8	55.6	22.3	2.4	4.3	1.1

¹ Preliminary.

Compiled from records and reports of Tobacco Division, AMS.

Resales averaged 7½ percent of gross sales, the same share as in 1978. About 5 percent of the crop was again sold outside of the belt where produced. Unlike previous seasons, there was no provision for the Stabilization Coop or warehouses to handle carryover tobacco. The volume held by individuals for sale next season is apparently negligible.

Exports Falter

Flue-cured exports for July-October 1979 were sharply below the year-earlier level and also below the same period for recent years when tobacco supplies were ample. By October, unit value had risen 4 percent above October 1978.

Japan's 1979 purchases have dropped from last year. Their shipments are usually bunched around the end of the calendar year. Smaller supplies of export grades and larger stocks abroad are holding down 1979/80 exports to most destinations. By June 1980, flue-cured exports may total a tenth below the 1978/79 season's record of 599 million pounds.

Supplies Smaller in 1979/80

Although carryover was more, the smaller crop has brought the season's flue-cured supply to 3.05 billion pounds, 6 percent below last year and a fifth below the 1964/65 record (table 8). The 1979 crop outturn was about one-third below 1975's 20-year high and the lowest since 1943. Harvested acreage in 1979 was cut 14 percent from 1978's while the yield per acre fell one tenth. A downturn in U.S. exports along with the downtrend in domestic use indicated for this marketing year

Table 15—U.S. flue-cured exports to principal countries, 1977-79 (export weight)

Country	July-October		
	1977	1978	1979
<i>Million pounds</i>			
United Kingdom	15	34	18
West Germany	17	15	14
Japan	2	7	7
Netherlands	7	4	5
Ireland	1	2	2
Italy	4	1	0
Australia	4	4	3
Belgium	2	2	1
Denmark	3	5	1
Switzerland	4	1	1
Sweden	5	6	8
Egypt	6	8	0
Taiwan	3	10	5
Others	34	43	18
Total	107	142	84

Compiled from records and reports of the Bureau of the Census.

means total disappearance may drop from last year's level. But next July's carryover may still fall 5 to 6 percent due to this season's short crop. It appears that domestic manufacturers' holdings will account for most of the stock drawdown.

The Flue-cured Stabilization Cooperative, the association handling tobacco under loan, sold 13 million pounds during July through November, about the same amount as the same period for 1978. While sales are anticipated over the next few months, actual loan holdings at the beginning of 1980/81 will probably decline only a little from the 564 million pounds held last July 1.

Table 16.--Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1969- 80

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Marketings	Beginning stocks <u>1/</u>			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds			---Million pounds---		
Flue-cured, types 11-14							
1969.....	576.8	1,825	<u>2/</u> 1,052.8	1,299.6	800.5	2,100.1	3,152.9
1970.....	584.1	2,042	1,178.1	1,227.5	744.9	1,972.4	3,150.5
1971.....	525.8	2,050	1,076.3	1,214.5	761.9	1,976.4	3,052.7
1972.....	513.6	1,971	1,022.1	1,292.4	617.8	1,910.2	2,932.3
1973.....	575.1	2,011	1,159.0	1,347.0	402.3	1,749.3	2,908.3
1974.....	616.3	2,014	1,245.1	1,330.6	276.7	1,607.3	2,852.4
1975.....	717.2	1,973	1,414.7	1,471.9	179.9	1,651.8	3,066.5
1976.....	666.6	1,974	1,316.0	<u>3/</u> 1,539.1	359.2	<u>3/</u> 1,898.3	3,214.3
1977.....	589.3	1,917	1,124.2	1,517.6	556.9	<u>4/</u> 2,075.0	3,199.2
1978.....	589.0	2,090	1,205.9	1,517.9	534.0	<u>4/</u> 2,051.9	3,257.8
1979 <u>5/</u>	504.0	1,886	973.9	1,510.8	564.0	2,074.8	3,048.5
1980 <u>6/</u>				1,400.0	553.5	1,953.5	
Burley, type 31							
1969.....	237.7	2,488	<u>2/</u> 591.4	975.7	340.8	1,316.5	1,907.9
1970.....	216.4	2,590	<u>2/</u> 560.5	887.9	454.8	1,342.7	1,903.2
1971.....	213.5	2,213	<u>2/</u> 472.6	882.4	468.4	1,345.8	1,818.4
1972.....	235.6	2,552	590.3	920.9	327.6	1,248.5	1,838.8
1973.....	222.1	2,028	461.4	952.5	276.7	1,229.2	1,690.6
1974.....	260.7	2,350	610.4	931.5	139.2	1,070.7	1,681.1
1975.....	282.2	2,265	638.3	1,082.4	12.0	1,094.4	1,732.7
1976.....	285.8	2,376	663.8	<u>3/</u> 1,115.3	44.8	<u>3/</u> 1,160.1	1,823.7
1977.....	268.6	2,298	612.5	1,162.3	54.9	<u>4/</u> 1,206.3	1,829.7
1978.....	261.0	2,399	617.6	1,087.0	113.5	<u>4/</u> 1,218.4	1,836.0
1979 <u>5/</u>	245.3	1,953	508.3	1,056.3	155.4	1,211.7	1,720.0
1980 <u>6/</u>				1,055.0	40.0	1,095.0	
Disappearance				Average	Price	Placed under loan	
				price per	support		
Total	Domestic	Exports		pound	level	Quantity	Percentage of crop
---Million pounds---				---Cents---		Million pounds	Percent
Flue-cured, types 11-14							
1969.....	1,180.5	645.9	534.6	72.4	63.8	97.6	9.3
1970.....	1,174.1	640.1	534.0	72.0	66.6	144.2	12.2
1971.....	1,142.5	662.5	480.0	77.2	69.4	55.7	5.2
1972.....	1,183.0	664.2	518.8	85.3	72.7	24.3	2.4
1973.....	1,301.0	703.0	598.0	88.1	76.6	30.7	2.7
1974.....	1,200.6	652.3	548.3	105.0	83.3	23.0	1.9
1975.....	1,193.1	670.6	522.5	99.8	93.2	259.0	18.4
1976.....	1,148.2	634.0	514.2	110.4	106.0	277.3	21.0
1977.....	1,147.3	608.2	539.1	117.6	113.8	195.6	17.3
1978.....	1,182.8	584.1	598.7	135.2	121.0	64.1	5.3
1979.....	<u>6/</u> 1,095.0	<u>6/</u> 570.0	<u>6/</u> 525.0	<u>6/</u> 140.1	129.3	70.4	7.2
Burley, type 31							
1969.....	565.2	507.1	58.1	69.6	65.8	158.2	26.8
1970.....	557.4	503.0	54.4	72.2	68.6	47.7	8.5
1971.....	569.9	515.2	54.7	80.9	71.5	.2	---
1972.....	609.6	534.5	75.1	79.2	74.9	22.9	3.9
1973.....	619.0	533.1	86.8	92.9	78.9	.7	.1
1974.....	586.7	518.8	67.9	113.7	85.8	2.8	.4
1975.....	602.5	510.1	92.4	105.6	96.1	50.7	7.9
1976.....	617.4	500.6	116.8	114.2	109.3	46.6	7.0
1977.....	609.5	493.0	116.5	120.0	117.3	57.0	9.2
1978.....	624.3	502.8	121.4	131.0	124.7	67.7	10.8
1979.....	<u>6/</u> 625.0	<u>6/</u> 500.0	<u>6/</u> 125.0	<u>7/</u> 145.6	133.3	<u>7/</u> 1.0	<u>7/</u> .3

1/ July 1 for flue-cured; October 1 for burley. 2/ Production. 3/ Adjusted for change in conversion factor January 1, 1977.
4/ Stocks revision January 1, 1979 report. 5/ Subject to revision; includes allowance for carryover from 1978 crop marketed in the 1979 season. 6/ Estimated. 7/ Through December 18, 1979.

1980 Quota Maintained

USDA announced on November 23 the national flue-cured marketing quota for 1980 of 1,095 million pounds. The quota is the same as the 1979 level, to maintain supplies.

Acreage allotments and poundage quotas for individual farms will reflect 1979 undermarketings and overmarketings. The base quota plus net undermarketings means that the 1980 effective quota is about 1.19 billion pounds, or 11 percent above 1979. A crop close to the quota, when added to prospective carryover, would provide a 1980/81 supply slightly above this year's level.

World Trends

World flue-cured production in 1979 will fall below the 5.14 billion pounds (2.33 million tons) of a year earlier as the United States, Canada, and Japan had lower production. The Japanese government is attempting to work off a surplus of filler tobacco. Canada's crop was hit severely by blue mold.

In *Ontario, Canada*, flue-cured production decreased to around 160 million pounds, well below the target level of 230 million. Auctions opened October 15 and are averaging, C\$1.34 well above the guaranteed minimum of \$C1.16 per pound (C\$=.85 U.S.). The Canadian Manufacturers Council gives a 3.5 cents per pound export rebate, but exports may drop to less than half the 100-million pounds target level.

BURLEY

Record Price Averages

During the first 4 weeks of auctions, burley sales grossed 318 million pounds and averaged \$1.45 per

pound. With some unfavorable weather for stripping, growers will sell only two-thirds of the crop in the pre-Christmas sales. About 72 percent sold before the holidays last season. Sales resume January 7.

Burley auctions through December 13 averaged 13 cents above last year. Quality was not as good as last season. Sales contained smaller percentages of both good grades and leaf category. Most tips, mixed and nondescript grades are selling well above support levels, but higher priced leaf grades are just above support.

Grade loan rates range from \$.88 to \$1.49 a pound, with an average support level of \$1.333. Through December 13, the two burley cooperatives took only 0.3 percent of sales under loan. Early-season loan receipts last year were 6 percent and the season average reached 11 percent. About four-fifths of the burley crop goes for U.S. products, mostly cigarettes, and exports take one fifth.

Experimental Sales of Baled Burley

With bales being sold on auctions scattered among tied lots, the baled burley represents almost 4 percent of sales. Sales to date amounted to 11 million pounds and averaged 3 cents per pound below the overall average.

Under the experimental program, growers can sell up to 20 percent of their crop, or 1,500 pounds, whichever is greater. Previous research has shown that labor costs can be reduced by marketing burley untied.

1978/79 Disappearance Up Slightly, Sets Record

During the year ending September 30, 1979, burley disappearance totaled 624 million pounds—slightly above the previous year, and 1 percent

Table 17—Flue-cured tobacco: Basic and effective quotas and marketings, 1979-80

Type and State	Basic quota		Effective quota ²			Marketings	
	1979	1980 ¹	1979	1980	Change from 1979	1978	1979 ²
	Million pounds		Percent			Million pounds	
14-Alabama	1	1	1	1	0	1	1
14-Florida	23	23	24	23	-4	21	23
14-Georgia	115	115	111	122	+10	122	105
13-N. Carolina	95	95	96	105	+9	105	83
13-S. Carolina	136	136	130	145	+12	147	121
12-N. Carolina	365	365	363	394	+9	422	315
11-N. Carolina	262	262	247	294	+19	285	234
11-Virginia	97	97	98	103	+5	102	92
Total 11-14	1,095	1,095	1,070	1,187	+11	1,205	974

¹ Estimated. Detail may not add to total due to rounding.

Compiled from records of Price Support and Loan Division, ASCS.

Table 18—Flue-cured, burley and Oriental tobacco production in specified countries, 1977-79

Country	1977	1978 ¹	1979 ²
<i>Thousand metric tons</i>			
Flue-cured:			
Argentina	44	35	30
Canada	101	113	81
Mexico	8	8	9
Brazil	165	179	232
Zambia	6	4	5
Malawi	25	21	25
Zimbabwe Rhodesia	84	83	110
Tanzania	15	17	20
South Africa	29	29	29
China, Rep. of	25	22	19
India	96	134	118
Indonesia	18	14	17
Japan	102	100	87
Korea, Rep. of	92	92	80
Pakistan	30	30	25
Philippines	45	42	43
Thailand	43	46	46
Total	2,212	2,316	2,240
Oriental:			
Greece	102	108	103
Bulgaria	106	113	115
Yugoslavia	46	44	49
Turkey	248	288	242
Total	930	953	922
Burley:			
Italy	44	45	43
Mexico	27	27	30
Greece	17	22	19
Korea, Rep. of	52	42	43
Malawi	11	12	16
Brazil	26	31	49
Total	588	604	595

¹ Subject to revision. ² Preliminary.

Compiled from reports of Foreign Agricultural Service.

Supplies Lower

This season's burley supply of 1.72 billion pounds is 6 percent below last season but about the same as the previous 5-year average (table 8). The 1979 crop, estimated December 1 at 479 million pounds, was 23 percent below last year. This season's effective farm poundage quota was below last year and growers reduced acreage 6 percent. Yields are the lowest since 1961, due to the unfavorable growing season, including the blue mold outbreak.

Carryover on October 1 remained about the same as a year earlier. Carryover under loan increased to 155 million pounds as last season's loan placements rose. Negligible loan receipts this season along with sizable sales means a large reduction by next fall.

The 1979/80 supply is 2.75 times probable disappearance. Supply remains adequate and there will be a quota carryover of around 125 million pounds. In addition, manufacturers and dealers held 189 million pounds of foreign-grown burley on October 1. This figure was 15 million higher than a year earlier.

1980 Quota Decision

Outlook for burley in 1980 hinges partially on the quota decisions USDA will make by February 1. Burley poundage legislation requires that the national quota for any year neither be less than 95 percent of estimated marketing year disappearance nor less than 95 percent of the previous year's quota. For 1978/79, the basic

Table 18—Tobacco loan stocks, 1977-79
(Farm-sales weight)

Type	End of November		
	1977	1978	1979 ¹
<i>Million pounds</i>			
Flue-cured, 11-14	649.2	607.7	649.4
Burley, 31	70.9	116.9	156.7
Virginia, 21	0	.8	2.6
Kentucky-Tennessee, 22-23	0	1.1	12.3
Kentucky-Tennessee, 35-36	0	(²)	4.4
Ohio, 42-44 . . . . .	.4	.4	.9
Puerto Rican, 46	3.2	4.5	7.8
Connecticut Valley, 51-52 . . . . .	.9	1.0	.9
Wisconsin, 54-55	(²)	(²)	(²)
Total	724.6	732.4	825.0
Uncommitted			
Flue-cured, 11-14 ⁴	586.6	604.0	⁴ 595.1
Burley, 31	53.3	105.5	⁴ 70.0

¹ October 31. ² Negligible. ³ Includes new crop receipts.
⁴ November 30.

Compiled from records of Producer Associations Division, ASCS.

below the previous high of 1973/74. Both exports and domestic use increased from 1977/78. Export and domestic demand reflects the continued preference for burley to provide certain flavor characteristics for smoking.

Domestic burley use gained 2 percent in line with the increase in U.S. cigarette manufacture. Some burley is used in smoking tobacco and in bulk exports, consisting of blended tobacco processed for cigarette manufacture. Stable domestic burley disappearance is in prospect for 1979/80.

Burley exports for the crop year ending September 30, 1979, were a record 121 million pounds, 5 million above the previous year. Italy and Japan remained among leading exports markets due to increased demand for U.S. blend cigarettes. West German imports stayed at the previous season's lower level. The unusually large takings by the United Kingdom are expected to shift beginning January 1 when the UK unit of account advantage disappears. Some of the Italian and United Kingdom takings are believed to be eventually transhipped to West Germany.

Table 19—Burley tobacco: Gross sales, average price, and percentage sold before and after the Christmas holidays, crops 1969-79

Crop	Before holidays			After holidays		
	Gross sales	Average price per lb.	Percentage of crop sold	Gross sales	Average price per lb.	Percentage of crop sold
	<i>Mil. lb.</i>	<i>Cents</i>	<i>Percent</i>	<i>Mil. lb.</i>	<i>Cents</i>	<i>Percent</i>
1969	490.6	69.7	79.6	126.1	68.5	20.4
1970	494.9	72.2	83.7	96.1	70.7	16.3
1971	404.5	80.4	81.3	92.9	83.0	18.7
1972	490.4	79.2	78.6	133.6	70.2	21.4
1973	379.5	93.2	76.4	117.3	91.5	23.6
1974	505.5	116.0	75.8	161.4	107.2	24.2
1975	457.7	104.4	66.8	238.0	107.5	32.2
1976	467.4	115.0	65.0	252.2	113.0	35.0
1977	492.4	119.6	75.2	162.0	121.7	24.8
1978	474.6	131.9	71.7	186.9	129.3	28.3
1979 ¹	350.0	145.6	65.8			

¹ Estimated, based on December crop estimate with allowance for resales.

Compiled from *Tobacco Market Review* Burley, issued annually, Agricultural Marketing Service.

allotment was set at 614 million pounds. By contrast, disappearance in 1978/79 totaled 624 million pounds, 1 percent above the previous year. Close to that level is indicated for 1979/80 and 1980/81.

Burley supplies are a little larger than desired under the legislated formula, but more than half of the loan holdings have been sold. However, marketings have averaged 88 percent of the effective quota since 1971. A similar response to quota in 1980 would prevent a buildup in carryover stocks beyond next October. Individual farm quotas are to be adjusted for the previous year's over-marketings and undermarketings.

Foreign Burley Gains

World burley production in 1979 will fall from the 1.33 billion pounds (0.6 million tons) of 1978.

Increases in countries such as Brazil, Republic of Korea, Malawi, and Mexico contrast with reduced U.S. output. But these gains in countries outside the U.S. boosted foreign production by 3 percent and brought the U.S. share of world output down to a record low of 40 percent.

SOUTHERN MARYLAND

1978/79 Disappearance Gains

During the year ending September 30, 1979, disappearance of Southern Maryland tobacco was 31 million pounds, 3 million above the previous year, but fractionally above the 1973-77 average (table 20).

Domestic use of Maryland tobacco in 1978/79 gained 2 million pounds from the previous year.

Table 20—Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1970-79

Marketing year ¹	Acreage harvested	Yield per acre	Supply			Disappearance ¹			Average price per pound to growers
			Production	Stocks, following Jan. 1	Total	Total	Domestic	Exports	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>Million pounds</i>			<i>Cents</i>			
1970	27.0	1,090	29.4	50.1	79.5	39.5	27.6	11.9	78.6
1971	27.0	1,040	28.1	46.0	74.1	25.5	17.5	8.0	81.9
1972	24.0	990	23.8	46.6	70.4	25.5	13.4	12.1	84.5
1973 ²	27.8	1,260	35.0	43.8	78.8	26.1	13.8	12.3	87.8
1974 ²	26.0	1,260	32.8	51.7	84.5	33.5	25.0	8.5	92.2
1975 ²	23.5	950	21.1	53.6	74.7	34.8	25.1	9.7	107.5
1976 ²	23.0	1,300	29.9	41.9	71.8	29.7	17.2	12.5	110.0
1977 ²	23.0	1,310	30.1	45.3	75.4	28.3	18.9	9.4	115.1
1978 ^{2,3}	22.0	1,390	30.6	41.9	72.5	31.1	21.1	10.1	122.0
1979 ⁴	22.0	1,200	26.4	42.6	69.0				

¹ Year beginning October 1. ² Includes sales and certification. ³ Subject to revision. ⁴ November crop prospects and estimated stocks.

Last marketing year's exports totaled 10 million pounds—up 0.7 million from the previous year. Switzerland's takings were down again and now represent about one-third of U.S. exports. Total use in the current marketing year may remain near the 1978/79 level.

Supplies May Fall

Carryover on January 1, 1980, is estimated about the same as a year earlier. The 1979 Maryland tobacco crop is estimated at 26 million pounds, 4 million below the previous season. Acreage allotments were not in effect, since growers have disapproved marketing quotas since 1965. Supply for 1979/80 (current crop plus tentative carryover) is 69 million pounds, 5 percent less than a year earlier. Auctions for the 1979 Maryland crop will begin in April 1980.

FIRE-CURED

Auction Prices Rise

Auction markets for Virginia fire-cured tobacco (type 21) opened November 27, with prices for the first eight sales days averaging 15 cents per pound above last season. Last year prices stayed about the same as supplies increased. With reduced acreage and yield, this year's Virginia crop is 1 million pounds less. Auctions for Kentucky-Tennessee fire-cured (types 22 and 23) are expected to open around the middle of January.

Short Crop Slows Supply Increase

At an estimated 45 million pounds, the 1979 fire-cured crop is 13 million pounds, or 22 percent, less than a year ago. With reduced acreage and yield, this is the first decline since 1974. The crop plus a jump in carryover brings the 1979/80 supply of fire-cured types to 121 million pounds. Based on last season's use, this supply would last nearly 3 years. On October 1, the beginning of the marketing year, loan stocks had reached 14 million pounds. Annual disappearance varies widely from year to year, but total carryover next October will probably change little (table 10).

Disappearance Rises

Disappearance of fire-cured types in 1978/79 was about 42 million pounds—slightly above the previous season. Domestic use decreased as snuff output declined slightly. Exports of both Kentucky-Tennessee fire-cured and Virginia fire-cured types increased.

In Malawi, the largest exporter outside the U.S., production in 1978 was 48 million pounds and at mid-year, the 1979 crop was an estimated 38 million pounds. Large surplus stocks have developed and growers will be required to reduce the 1980 crop.

DARK AIR-CURED

Auction Prices Mixed

Auction markets for One Sucker and Green River tobaccos (types 35-36) opened December 5 and November 27, respectively (Kentucky-Tennessee dark air-cured, types 35-36). Auctions for Virginia sun-cured (type 37) opened December 11. Growers received more for type 35 than last season but less for type 36. For type 36, quality was down and loan receipts were up.

Supplies Lower

At an estimated 18 million pounds, the dark air-cured crop was down 5 million (23 percent) from 1978.

The supply of dark air-cured and sun-cured tobacco for 1979/80, at 54 million pounds, is 1 million below the 5 year high of 1977/78. Total supplies of dark air-cured tobacco represent 2.8 years' use, based on last year's disappearance. Carryover will decrease as disappearance is going above current production.

Disappearance Gained

Disappearance of dark air-cured tobacco during 1978/79 was 19 million pounds, about 2 million above the previous marketing year, as domestic use gained. While chewing tobacco output gained, other uses declined. Lower prices for the 1978 crop may have helped to boost use of dark air-cured tobaccos.

Table 21—Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1970-79

(Farm-sales weight)

Marketing year beginning October 1	Acreage harvested	Yield per acre	Beginning stocks, October 1—				Total supply
			Production	Manufac- turers and other	Under loan	Total	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>Million pounds</i>				
	Kentucky-Tennessee fire-cured, types 22-23						
1970	17.7	1,749	30.9	54.1	9.7	63.8	94.7
1971	19.5	1,928	37.6	48.6	4.7	53.3	90.9
1972	20.4	1,844	37.6	55.0	1.2	56.2	93.8
1973	16.6	1,668	27.7	54.2	3.1	57.3	85.0
1974	16.2	1,602	26.0	44.0	1.1	45.1	71.1
1975	18.4	1,772	32.6	40.5	.1	40.7	73.3
1976	21.2	1,567	33.2	42.6	(¹)	42.6	75.8
1977	25.6	1,767	45.2	41.2	(¹)	41.2	86.4
1978	27.1	1,898	51.4	50.0	1.0	51.0	102.4
1979 ²	22.8	1,804	39.4	54.0	11.1	65.1	104.5
Virginia fire-cured, type 21							
1970	5.0	1,230	6.2	8.4	1.4	9.8	16.0
1971	5.0	1,180	5.9	8.0	1.0	9.0	14.9
1972	4.8	970	4.7	7.9	.4	8.3	13.0
1973	4.7	1,205	5.7	7.6	(¹)	7.6	13.3
1974	5.0	1,185	5.9	7.1	---	7.1	13.0
1975	5.0	975	4.9	7.1	.3	7.3	12.2
1976	5.3	1,000	5.3	7.4	(¹)	7.4	12.7
1977	7.2	1,000	7.2	7.0	(¹)	6.7	13.9
1978	6.1	1,120	6.8	7.9	.8	8.7	15.5
1979 ²	5.0	1,150	5.8	8.2	2.7	10.9	16.7
Disappearance			Average price per pound		Price support level	Placed under loan	
Total	Domestic	Exports				Quantity	Percentage of crop
<i>Million pounds</i>			<i>Cents</i>		<i>Million pounds</i>		<i>Percent</i>
Kentucky-Tennessee fire-cured, types 22-23							
1970	41.4	13.1	28.3	54.4	46.6	(¹)	.1
1971	34.7	16.0	18.7	60.8	48.5	(¹)	.1
1972	36.5	14.2	22.3	57.3	50.8	2.8	7.4
1973	39.9	15.7	24.2	71.7	53.5	.2	.7
1974	30.3	14.5	15.8	93.4	58.2	.7	2.7
1975	30.7	12.2	18.5	104.7	65.2	.1	.4
1976	34.6	11.2	23.4	142.4	74.1	(¹)	---
1977	35.4	17.4	18.0	125.6	79.5	1.1	2.4
1978	37.3	15.1	22.2	113.6	84.6	11.3	22.2
1979					90.3		
Virginia fire-cured, type 21							
1970	7.0	2.4	4.6	52.0	46.6	.1	2.0
1971	6.6	3.1	3.5	54.8	48.5	.1	1.0
1972	5.4	1.3	4.1	64.2	50.8	(¹)	.1
1973	6.2	1.7	4.5	75.5	53.5	(¹)	---
1974	5.7	.7	5.0	81.7	58.2	.3	4.5
1975	4.8	1.4	3.4	93.0	65.2	(¹)	.9
1976	6.1	³ 2.0	4.1	118.0	74.1	.1	1.5
1977	5.2	2.8	2.4	96.2	79.5	1.0	14.4
1978	4.6	1.0	3.6	94.6	84.6	1.8	26.2
1979				⁴ 115.6	90.3	4.2	⁴ 8.9

¹ Less than 50,000 pounds. ² Based on November 1 crop prospects. ³ Includes 400,000 pounds fire loss, December 1976. ⁴ Through December 14.

Table 22—Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield production, carryover, supply, disappearance, season average price, and price support operations, 1970-79

(Farm-sales weight)

Marketing year beginning Oct. 1	Acreage harvested	Yield per acre	Production	Beginning stocks			Total supply
				Manufacturers and others	Under loan	Total	
	<i>Thousand acres</i>	<i>Pounds</i>		<i>Million pounds</i>			
	Dark air-cured, types 35-36						
1970	8.2	1,863	15.4	35.5	18.2	53.7	69.1
1971	8.6	1,834	15.7	35.5	14.3	49.8	65.5
1972	8.2	1,875	15.5	33.5	12.7	46.2	61.7
1973	7.6	1,647	12.4	31.9	12.8	44.7	57.1
1974	7.0	1,653	11.6	31.4	5.5	36.9	48.5
1975	8.0	1,750	14.0	32.7	(¹)	32.9	46.9
1976	9.3	1,660	15.1	28.2	---	28.2	43.3
1977	11.2	1,809	20.4	26.1	---	26.1	46.5
1978	11.2	1,969	22.2	30.4	(¹)	30.4	52.6
1979 ²	10.0	1,650	17.1	30.0	4.1	34.1	51.2
	Sun-cured, type 37						
1970	1.0	1,100	1.1	3.3	0	3.3	4.4
1971 . . . . .	.9	1,200	1.1	3.1	0	3.1	4.2
1972 . . . . .	.8	1,010	.8	3.0	0	3.0	3.8
1973 . . . . .	.7	1,320	.9	3.2	0	3.2	4.1
1974 . . . . .	.7	1,315	.9	3.0	0	3.0	3.9
1975 . . . . .	.7	930	.7	2.3	0	2.3	3.0
1976 . . . . .	.7	1,115	.8	2.1	0	2.1	2.9
1977 . . . . .	.8	1,030	.8	1.8	0	1.8	2.6
1978 . . . . .	.7	1,205	.9	1.8	0	1.8	2.7
1979 ² . . . . .	.6	1,175	.7	2.2	0	2.2	2.9
	Disappearance			Average price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percentage of crop
	<i>Million pounds</i>			<i>Cents</i>	<i>Million pounds</i>	<i>Percent</i>	
	Dark air-cured, types 35-36						
1970	19.3	16.7	2.6	46.0	41.4	1.0	6.8
1971	19.3	17.4	1.9	47.1	43.1	1.7	10.7
1972	17.0	14.7	2.3	50.3	45.2	1.2	.8
1973	20.2	17.4	2.8	61.9	47.6	(²)	.2
1974	15.6	12.8	2.8	76.9	51.8	.4	3.7
1975	18.7	16.1	2.6	89.8	58.0	.1	.5
1976	17.2	15.1	2.1	116.6	65.9	(¹)	---
1977	16.1	13.6	2.4	117.7	70.7	(¹)	---
1978	18.4	15.7	2.7	³ 100.8	75.2	4.3	19.7
1979				³ 108.9	80.4	³ 5	
	Sun-cured, type 37						
1970	1.3	1.1	.2	53.8	41.4	⁴ .3	.3
1971	1.2	1.0	.2	54.1	43.1	0	---
1972 . . . . .	.6	.4	.2	57.9	45.2	0	---
1973	1.1	.9	.2	69.2	47.6	0	---
1974	1.6	1.3	.3	82.1	51.8	⁴ 13	1.4
1975 . . . . .	.9	.7	.2	85.5	58.9	0	---
1976	1.1	.9	.2	105.0	65.9	0	---
1977 . . . . .	.8	.6	.1	100.0	70.7	⁴ 13	1.6
1978 . . . . .	.5	.3	.2	88.8	75.2	⁴ 109	12.4
1979				³ 92.1	80.4	³ 17	³ 7.8

¹ Less than 50,000 pounds. ² Based on November 1 crop prospects. ³ Through December 14. ⁴ Quantity placed under loan in thousands of pounds. --- Less than .05 percent.

CIGAR TOBACCO

U.S. and Puerto Rican Supplies Stabilize

Supplies of U.S. and Puerto Rican cigar tobacco are about the same as 1978 with consumption and production in close balance. October 1 carryover and 1979/80 production are about the same as a year earlier. However, the supplies of cigar filler and wrapper types continued to decline; binder supply gained. On October 31, government loan stocks of 6 million pounds of cigar tobacco were about the same as a year earlier.

In sharp contrast to other kinds of tobacco, production of U.S. cigar types is forecast virtually the same as 1978's outturn. Acreage and yields were maintained as much of the crop was outside the areas hit by field blue mold disease. U.S. cigar leaf tobacco is sold either directly on farms or

through cooperatives. In early December, the buying season began in Wisconsin at \$1.10 per pound and prices reached a record \$1.17 by December 13. Season average prices will be published in the May 1980 issue of USDA's Crop Report.

Filler and Wrapper Supplies Decrease

Supplies of continental cigar filler (U.S. and Puerto Rican types 41-46) decreased slightly to 96 million pounds due to the reduced 1979 crop. Filler production was 4½ million pounds less in 1979 but carryover was maintained. Based on recent annual disappearance, carryover is likely to decline by the end of the marketing year.

Cigar wrapper tobacco supplies for 1979/80 are about 2 million pounds below last year with both Connecticut Valley and Georgia-Florida wrapper supplies down. For the second year, no type 62 tobacco was grown. Carryover next July 1 is likely to continue the longtime downtrend.

Manufacturers used more imports in 1978/79 (October-September) in response to reduced cigar production and increased chewing tobacco output. Last season 70 million pounds (farm-sales-weight) of cigar tobacco were imported for consumption, up from the previous season. Foreign-grown cigar leaf stocks in the United States on October 1 were 95 million pounds—about 3½ million above a year earlier.

Binder Supplies Increase

Binder tobacco supplies have increased for 1979/80 with a larger crop. Cigar binder disappearance last season was 23 million pounds, up from a year earlier. The principal outlet for cigar binder is looseleaf chewing tobacco and its output is on the upswing. Binder disappearance may gain again this year, but a stock increase is likely.

Table 24—Cigar leaf tobacco price support operations,
1976-78

(Farm-sales weight)

Type	Placed under Government loan, crop years—		
	1976	1977	1978
	<i>Million pounds</i>		
Ohio, 42-44	0.4	0.4	0.6
Puerto Rican, 46	3.2	2.7	2.3
Conn. Valley, 51-52 . . . . .	.3	.2	(¹)
Southern Wis., 54	0	(¹)	(¹)
Northern Wis., 55	0	0	0
Total	3.9	3.3	2.9

¹ Less than 50,000 pounds.

Compiled from records of the Producer Associations Division,
ASCS.

Table 23—Foreign grown cigar leaf tobacco: U.S. imports and stocks, 1976-79

(Farm sales weight)

Country or origin	Imports for consumption year ending September 30—				Dealers and manufacturers stocks October 1			
	1976	1977	1978	1979	1976	1977	1978	1979
	<i>Million pounds</i>							
Philippines	27.0	17.4	13.8	15.2	39.0	31.2	22.9	22.5
Dominican Republic	16.0	14.2	9.8	10.5	14.5	12.6	13.3	14.6
Brazil	24.8	22.8	4.9	5.1	6.2	6.4	6.5	7.4
Columbia	6.5	3.4	3.8	3.8	10.1	9.1	7.6	8.5
Paraguay	4.7	4.6	3.6	4.4	4.8	7.4	5.6	5.0
Mexico	7.6	4.1	5.1	6.1	3.0	3.2	5.6	6.3
Indonesia	8.5	5.5	6.9	8.6	10.9	12.0	12.7	12.8
All others	16.8	7.2	12.7	16.6	20.8	20.4	17.3	19.0
Total	111.9	79.2	60.6	70.3	109.4	102.5	91.5	95.0

Table 25—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1970-79

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks ¹	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds			Cents			
Pennsylvania Seedleaf Filler (type 41)									
1970	17.0	1,800	30.6	97.3	127.9	40.9	40.7	0.2	31.0
1971	15.2	1,610	24.5	87.0	111.5	41.3	40.6	.4	36.0
1972	13.0	1,400	18.2	70.2	88.4	34.7	34.4	.3	46.0
1973	13.0	1,700	22.1	53.7	75.8	28.3	27.5	.8	52.0
1974	13.0	2,000	26.0	47.5	73.5	24.3	24.0	.3	58.0
1975	12.0	1,650	19.8	49.2	69.0	22.2	21.8	.4	58.0
1976	13.5	1,750	23.6	46.8	70.4	20.7	20.3	.4	60.0
1977	13.5	1,940	26.2	49.7	75.9	21.8	21.6	.2	60.0
1978 ²	13.0	1,940	25.2	54.1	79.3	23.6	23.5	.1	62.0
1979 ²	13.0	1,700	22.1	55.7	77.8				
Ohio, Miami, Valley Filler (types 42-44)									
1970	1.6	1,750	2.9	9.0	11.9	4.1	4.1	---	38.0
1971	2.0	1,850	3.8	7.8	11.6	4.6	4.6	---	41.0
1972	2.4	1,780	4.2	7.0	11.2	4.4	4.4	---	44.0
1973	2.2	1,420	3.1	6.8	9.9	4.0	4.0	---	51.0
1974	2.0	1,530	3.1	5.9	9.0	3.1	3.1	---	59.0
1975	1.8	1,660	3.0	5.9	9.1	3.4	3.4	---	60.0
1976	1.8	1,550	2.8	5.7	8.5	2.5	2.5	---	59.0
1977	1.5	2,000	3.0	6.0	9.0	2.0	2.0	---	62.0
1978	1.4	2,000	2.8	7.0	9.7	3.5	3.5	---	64.0
1979 ² . . . .	.7	1,800	1.3	6.3	7.6				
Puerto Rico Filler (type 46) ⁴									
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	---	36.1
1971	4.8	1,418	6.7	15.0	21.7	9.0	9.0	---	39.8
1972	5.6	883	4.8	12.7	17.5	8.3	8.3	---	42.1
1973	4.5	1,435	6.5	9.2	15.7	5.7	5.7	---	42.1
1974	2.7	1,477	3.9	10.0	14.0	7.9	7.9	---	45.5
1975	2.7	1,500	4.3	6.1	10.4	3.2	3.2	---	50.7
1976	2.8	1,429	4.1	7.2	11.3	4.9	4.9	---	57.6
1977	2.6	1,480	3.9	6.4	10.3	3.9	3.9	---	60.2
1978	2.2	1,400	3.1	6.4	9.5	2.6	2.6	---	57.0
1979 ³	2.3	1,500	3.4	6.9	10.3				
Total Cigar Filler (types 41-46)									
1970	21.8	1,737	38.0	125.6	163.6	53.8	53.6	.2	32.1
1971	22.0	1,587	35.0	109.8	144.8	54.9	54.5	.4	37.3
1972	21.0	1,293	27.2	89.9	117.1	47.4	47.1	.3	45.0
1973	19.7	1,450	31.7	69.7	101.4	38.0	37.2	.8	49.7
1974	18.0	1,850	33.1	63.4	96.5	35.3	35.0	.3	56.6
1975	17.3	1,630	27.3	61.2	88.5	28.8	28.4	.4	56.2
1976	18.2	1,676	30.5	59.7	90.2	28.1	27.7	.4	59.4
1977	17.6	1,884	33.1	62.1	95.2	27.7	27.4	.3	60.2
1978	16.6	1,875	31.1	67.5	98.6	29.7	29.6	.1	61.5
1979 ²	16.0	1,675	26.8	68.9	95.7				
Connecticut Valley Binder (types 51-52)									
1970	1.7	1,756	2.9	7.0	9.9	2.7	2.4	.3	65.5
1971	1.6	1,743	2.8	7.2	10.0	2.6	2.5	.1	65.1
1972	1.6	1,600	2.5	7.4	9.9	2.4	2.3	.1	70.1
1973	1.6	1,721	2.7	7.5	10.2	3.2	3.1	.1	72.8
1974	1.5	1,737	2.5	7.0	9.5	3.3	3.1	.2	82.0
1975	1.5	1,568	2.4	6.2	8.6	4.3	4.1	.2	92.7
1976	1.5	1,605	2.4	4.3	6.7	2.4	2.3	.1	89.6
1977	1.4	1,784	2.5	4.3	6.8	1.9	1.9	*	121.3
1978	1.5	1,734	2.6	4.9	7.5	2.1	2.0	.1	144.9
1979 ²	1.4	1,613	2.3	5.5	7.8				
Southern Wisconsin Binder (type 54)									
1970	4.4	2,135	9.4	16.7	26.1	7.3	7.3	---	50.3
1971	5.3	2,270	12.0	18.8	30.8	10.5	10.5	---	55.6
1972	5.0	1,685	8.4	20.3	28.7	9.3	8.3	---	48.0
1973	4.9	1,950	9.6	19.4	29.0	10.1	10.1	---	60.5
1974	4.7	2,060	9.7	18.9	28.6	8.8	8.8	---	74.9
1975	5.6	1,945	10.9	19.8	30.7	7.5	7.5	---	75.1
1976	5.6	1,890	10.6	23.2	33.8	10.0	10.0	---	74.7
1977	6.2	2,020	12.5	23.8	36.3	10.2	10.2	---	84.6
1978	6.2	1,800	11.2	26.0	37.2	11.4	11.4	---	100.5
1979 ²	6.3	2,000	12.6	25.8	38.4				
Northern Wisconsin Binder (type 55)									
1970	4.4	2,055	9.0	18.6	27.6	9.2	9.1	.1	52.0
1971	5.3	1,980	10.5	18.4	28.9	9.9	9.9	*	54.0
1972	5.8	1,770	10.3	19.0	29.3	9.8	9.8	*	49.0
1973	5.3	1,775	9.4	19.5	28.9	12.0	12.0	*	60.7
1974	4.7	1,870	8.8	16.9	25.7	9.9	9.9	*	75.4
1975	5.4	1,835	9.9	15.8	25.7	9.7	9.6	.1	75.1
1976	5.5	1,750	9.6	16.0	25.6	9.4	9.4	*	75.2
1977	5.8	2,045	11.9	16.2	28.1	9.1	9.1	.1	85.5
1978	5.9	1,600	9.4	19.1	28.5	9.2	9.2	*	100.5
1979 ²	6.6	1,900	12.5	19.3	31.8				

See footnotes at end of table. Continued . . .

Table 25—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1970-79—Cont.
(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks ¹	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds						Cents
Total Wisconsin Binder (types 54-55)									
1970	8.8	2,095	18.4	35.3	53.7	16.5	16.4	0.1	51.1
1971	10.6	2,125	22.5	37.2	59.7	20.4	20.4	*	54.9
1972	10.8	1,731	18.7	39.3	58.0	19.1	19.1	*	48.5
1973	10.2	1,859	19.0	38.9	57.9	22.2	22.2	*	60.6
1974	9.4	1,965	18.5	35.8	54.3	18.7	18.7	*	75.1
1975	11.0	1,891	20.8	35.6	56.4	17.2	17.1	.1	75.1
1976	11.1	1,821	20.2	39.2	59.4	19.4	19.4	*	75.2
1977	12.0	2,032	24.4	40.0	64.4	19.3	19.3	.1	85.0
1978	12.1	1,702	20.6	45.1	65.7	20.5	20.5	*	100.5
1979 ² . . .	12.9	1,949	25.1	45.1	70.2				
Total Cigar Binder (types 51-55)									
1970	10.5	2,041	21.3	42.3	63.6	19.2	18.8	.4	53.1
1971	12.2	2,075	25.3	44.4	69.7	23.0	22.9	.1	56.1
1972	12.4	1,714	21.2	46.7	67.9	21.5	21.4	.1	51.1
1973	11.8	1,841	21.7	46.4	68.1	25.4	25.3	.1	62.1
1974	10.9	1,934	21.0	42.8	63.8	22.0	21.8	.2	76.0
1975	12.5	1,851	23.2	41.8	65.1	21.5	21.2	.3	76.9
1976	12.6	1,795	22.6	43.5	66.1	21.8	21.6	.2	76.5
1977	13.4	2,007	26.8	44.3	71.1	21.1	21.1	.1	88.4
1978	13.6	1,706	23.2	50.0	73.2	22.7	22.6	.1	105.5
1979 ² . . .	14.3	1,915	27.4	50.6	78.0				
Connecticut Valley Shade-grown (type 61)									
1970	6.0	1,535	9.3	12.2	21.5	7.6	6.6	1.0	400.0
1971	4.7	1,635	7.7	13.9	21.6	8.4	5.7	2.7	400.0
1972	4.1	1,250	5.1	13.2	18.5	7.6	4.8	2.8	485.0
1973	5.0	1,210	6.1	10.7	16.8	8.3	6.4	1.9	515.0
1974	4.8	1,625	7.8	8.5	16.3	6.8	2.8	3.9	600.0
1975	4.4	1,371	6.0	9.5	15.5	8.0	4.2	3.8	640.0
1976	4.2	1,555	6.6	7.5	14.1	5.2	1.8	3.4	540.0
1977	3.3	1,544	5.1	8.9	14.0	4.7	.5	4.2	600.0
1978	2.7	1,392	3.8	9.3	13.1	5.0	.1	4.9	750.0
1979 ² . . .	2.7	1,519	4.1	8.1	12.2				
Georgia-Florida Shade-grown (type 62)									
1970	3.6	1,590	5.6	9.2	14.8	6.7	5.8	.9	270.0
1971	3.0	1,582	4.7	8.1	12.8	6.2	5.4	.8	262.0
1972	3.0	1,517	4.6	6.6	11.2	4.2	3.8	.4	280.0
1973	2.6	1,413	3.7	7.0	10.7	4.2	3.7	.5	350.0
1974	1.9	1,724	3.2	6.5	9.7	3.6	3.1	.5	380.0
1975	1.1	1,556	1.7	6.2	7.9	1.9	1.5	.4	400.0
1976 . . . .	.4	1,680	.6	6.0	6.6	2.4	2.0	.4	395.1
1977 . . . .	.1	1,630	.2	4.2	4.5	1.1	.6	.5	400.0
1978	0	—	0	3.4	3.4	1.3	.9	.4	—
1979 ² . . .	0	—	0	2.1	2.1				
Total Shade-grown (types 61-62)									
1970	9.6	1,555	14.9	21.4	36.3	14.3	12.4	1.9	351.0
1971	7.7	1,614	12.4	22.0	34.4	14.6	11.1	3.5	347.5
1972	7.1	1,365	9.7	19.8	29.5	11.8	8.6	3.2	387.0
1973	7.6	1,280	9.8	17.7	27.5	12.5	10.1	2.4	452.2
1974	6.6	1,652	11.0	15.0	26.0	10.4	6.0	4.4	536.1
1975	5.5	1,409	7.7	15.7	23.4	9.8	5.6	4.2	585.7
1976	4.6	1,565	7.2	13.6	20.8	7.0	3.8	3.8	528.2
1977	3.4	1,547	5.3	13.1	18.4	5.8	1.0	4.8	591.4
1978	2.7	1,392	3.8	12.7	16.5	6.3	1.0	5.3	750.0
1979 ² . . .	2.7	1,519	4.1	10.2	14.3				
Grand Total Cigar Tobacco (types 41-62)									
1970	41.9	1,771	74.2	189.3	263.4	87.3	84.8	2.5	102.3
1971	41.9	1,734	72.7	176.2	248.9	92.5	88.5	4.0	96.7
1972	40.4	1,434	58.1	156.4	214.5	80.7	77.1	3.6	104.4
1973	39.1	1,627	63.2	133.8	197.0	75.9	72.6	3.3	116.1
1974	35.5	1,834	65.3	121.2	186.3	67.7	62.8	4.9	142.5
1975	35.4	1,635	57.9	118.6	176.5	60.1	55.2	4.9	135.1
1976	35.4	1,700	60.3	116.8	177.1	57.5	53.1	4.4	121.4
1977	34.2	1,906	65.2	119.5	184.3	54.6	49.4	5.2	114.9
1978	31.4	1,850	58.1	130.1	188.6	58.7	53.2	5.5	122.1
1979 ² . . .	33.0	1,767	58.3	129.7	188.0				

¹ October 1 for types 41-55; July 1 for types 61-62. ² November 1 crop prospects. ³ Puerto Rican planting occurs late in calendar year; projected for 1979. ⁴ Excludes payment by Puerto Rican Government; 23 cents per pound in 1978. *Less than 50,000 pounds.

Table 27.--Tobacco: Acreage, yield, production, stocks, supply, disappearance, price and crop value, United States and Puerto Rico, 1947-79
(Farm-sales weight)

Crop year	Acreage	Yield per acre	Production	Stocks 1/	Supply	Disappearance 1/			Average price per pound to growers	Crop value
						Total	Domestic	Exports		
	1,000 acres	Pounds				Million pounds			Cents	Million dollars
United States										
Average:										
1947-49	1,676	1,208	2,019	2,947	4,965	1,908	1,417	491	45.9	926
1950-54	1,690	1,292	2,184	3,382	5,566	2,006	1,479	527	51.2	1,118
1955-59	1,242	1,541	1,914	4,095	6,009	1,951	1,397	554	56.0	1,072
1960-64	1,159	1,879	2,178	3,911	6,089	2,037	1,468	569	60.0	1,307
1965	977	1,898	1,855	4,496	6,351	2,000	1,462	538	65.1	1,207
1966	972	1,939	1,885	4,351	6,236	2,098	1,392	704	66.5	1,252
1967	960	2,050	1,968	4,140	6,108	2,020	1,372	648	66.8	1,316
1968	879	1,945	1,710	2/4,088	5,798	1,975	1,352	623	69.5	1,189
1969	918	1,964	1,803	3,823	5,626	1,949	1,308	640	71.8	1,296
1970	898	2,122	1,906	3,678	5,584	1,919	1,278	639	72.9	1,389
1971	839	2,034	1,705	2/3,667	5,372	1,883	1,312	571	78.6	1,340
1972	842	2,076	1,749	2/3,488	5,237	1,951	1,312	639	83.0	1,451
1973	889	1,963	1,746	2/3,289	5,035	2,081	1,348	732	90.0	1,572
1974	963	2,067	1,994	2/2,948	4,942	1,937	1,284	653	108.6	2,160
1975	1,083	2,015	2,182	2/3,003	5,185	1,941	1,286	655	102.6	2,239
1976	1,045	2,045	2,136	3,297	5,433	1,907	1,229	678	112.5	2,404
1977	958	1,997	1,912	2/3,540	5,452	1,895	1,202	693	118.6	2,268
1978 3/	948	2,135	2,025	2/3,560	5,585	1,955	1,190	765	132.4	2,682
1979 3/	840	1,874	1,574	2/3,632	5,206				4/140.1	4/2,205
United States and Puerto Rico										
Average:										
1947-49	1,710	1,200	2,045	3,012	5,057	1,942	1,447	495	45.6	932
1950-54	1,728	1,282	2,215	3,430	5,645	2,036	1,508	527	50.9	1,127
1955-59	1,270	1,528	1,941	4,147	6,088	1,981	1,426	555	55.6	1,080
1960-64	1,188	1,861	2,211	3,957	6,168	2,066	1,497	569	59.7	1,319
1965	994	1,882	1,871	4,559	6,430	2,027	1,489	538	64.8	1,212
1966	981	1,934	1,899	4,403	6,300	2,121	1,415	704	66.2	1,256
1967	967	2,045	1,979	4,181	6,160	2,037	1,390	648	66.7	1,319
1968	885	1,941	1,718	2/4,122	5,840	1,992	1,368	623	69.3	1,191
1969	923	1,960	1,810	3,849	5,658	1,961	1,320	640	71.7	1,298
1970	902	2,120	1,912	3,698	5,609	1,928	1,288	639	72.9	1,391
1971	844	2,031	1,714	2/3,682	5,394	1,893	1,321	571	78.5	1,342
1972	848	2,068	1,759	2/3,501	5,260	1,959	1,320	639	82.9	1,453
1973	894	1,960	1,752	2/3,298	5,050	2,087	1,355	732	89.8	1,574
1974	966	2,066	1,998	2/2,958	4,956	1,941	1,288	653	108.5	2,162
1975	1,087	2,013	2,186	3,009	5,195	1,945	1,290	655	102.5	2,241
1976	1,048	2,042	2,140	3,305	5,445	1,912	1,234	678	112.4	2,406
1977	960	1,995	1,915	2/3,546	5,461	1,899	1,206	693	118.5	2,270
1978 3/	950	2,135	2,028	2/3,566	5,594	1,958	1,193	765	132.3	2,684
1979 3/	842	1,873	1,577	2/3,639	5,216				4/140.0	4/2,207

1/ For flue-cured and cigar wrapper, year beginning July 1; for all other types, October 1. 2/ Includes tobacco carried over on farms; 1968, 13 million pounds; 1971, 16 million pounds; 1972, 17 million pounds; 1973, 7 million pounds for flue-cured and 13 million pounds for burley; 1974, 5 million pounds; 1977, 21 million pounds; 1978, 23 million pounds; 1979, 60 million pounds. 3/ Subject to revision.
4/ Estimated.

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Tuggle, R. W., "The Flue-cured Tobacco Industry—Where are we Headed?" talk presented at the 1980 Agricultural Outlook Conference, USDA, Washington, D.C., Nov. 8, 1979, 5 pp. + tables.²

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¹Available from AMS Publications, Room 3620-S, USDA, Washington, D.C. 20250.

²Available from ESCS Publications, Room 0054-S, USDA, Washington, D.C. 20250.

³Available from Room 212, GHI Building, ESCS, USDA, Washington, D.C. 20250.

COSTS OF PRODUCING BURLEY TOBACCO: 1978-79 AND PROJECTED 1980

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ABSTRACT: The cost of inputs used to produce burley tobacco will likely rise by about 10 percent in 1980. However, the cost per 100 pounds of tobacco will drop if yields are similar to those of 1976 and 1978. The low burley yield of 1979 increased variable costs 22 percent per 100 pounds (16 cents per pound). Sixty percent of the cost increase was due to lower yields and the remainder to higher input prices. Those estimates are based on a 1977 survey of 790 burley tobacco producers in the Bluegrass and south central areas of Kentucky and north central and eastern Tennessee, updated with 1978, 1979, and projected 1980 prices.

KEYWORDS: Burley tobacco, variable costs, total costs, yield.

INTRODUCTION

The costs of producing burley tobacco during 1978-79, with projections for 1980, are presented in this report. The major source of data for the cost estimates was a 1977 survey of 790 burley tobacco producers in five major Kentucky and Tennessee production areas (table 1). The data have been updated from the 1976 base period using indexes for individual input items.¹

Production costs vary widely from farm to farm due to management, labor productivity, and a host of other variables. These budgets do not reflect this variability, but instead reflect the average costs of farmers in the specified production areas.

Budgets include variable costs, machinery and barn ownership, and general farm overhead costs.

Variable costs include expenditures for fertilizer and lime, pesticides, sucker control chemicals, curing and heating fuel, custom operations, fuel and lubricants, repairs, tobacco crop insurance, marketing fees, and other costs such as seed and plant bed canvas. Labor costs are included for all labor used. Hired, family, and exchange labor are all charged at prevailing farm wage rates. Machinery ownership and barn ownership costs reflect the estimated age distribution of these items for the years for which costs are calculated. General farm overhead includes costs for recordkeeping, utilities, and other items that are difficult to allocate to specific enterprises.

Two additional cost components, management and land and quota (right to market tobacco without penalty) are also estimated. The management charge is computed as 7 percent of the value of the crop. Crop value was computed for 1978 using the average annual price received by farmers, and estimated 1978 yields. For the 1979 preliminary estimate, the opening day sales average of \$1.42 a pound was used and \$1.48 is the projected 1980 estimate. Indicated 1979 yields, as of November 1, were only 87 percent of the 1978 yield. The yield for 1980 is assumed to be 2,180 pounds per acre, the same as the 1976 base period.

¹For a more complete discussion of concepts and procedures which underlie burley tobacco production cost estimates, refer to the article "Costs of Producing Burley Tobacco—1976," by Verner N. Grise, *TOBACCO SITUATION*, TS-163, Washington D.C., USDA, March 1978, pp. 37-42. For 1977 production cost estimates refer to the article, "Costs of Producing Burley Tobacco; 1976-78 and Projected 1979," by Verner N. Grise, *TOBACCO SITUATION*, TS-166, Washington D.C., USDA, December 1978, pp. 29-34.

Table 1--Counties included in burley tobacco production
area groupings

Area <u>1/</u>	Area 2 <u>2/</u>	Area 3 <u>3/</u>	Area 4	Area 5
<u>Kentucky</u>	<u>Kentucky</u>	<u>Kentucky</u>	<u>Kentucky</u>	<u>Tennessee</u>
Bourbon	Anderson	Bath	Adair	Campbell
Clark	Bracken	Boyle	Allen	Carter
Fayette	Carroll	Fleming	Casey	Claiborne
Jesamine	Franklin	Garrard	Clinton	Cocke
Mercer	Gallatin	Henry	Cumberland	Grainger
Scott	Grant	Madison	Green	Green
Woodford	Harrison	Marion	Lincoln	Hamblen
	Nicholas	Mason	Monroe	Hancock
	Owen	Montgomery	Pulaski	Hawkins
	Pendleton	Nelson	Russell	Jefferson
	Robertson	Oldham	Taylor	Johnson
		Shelby	Wayne	Sevier
		Spencer		Sullivan
		Trimble	<u>Tennessee</u>	Unicoi
		Washington		Union
			Clay	Washington
			Jackson	
			Macon	
			Pickett	

1/ Includes much of what is usually referred to as the Inner Bluegrass of Kentucky.

2/ Includes counties with more than half their physical area in what is usually termed the Intermediate Bluegrass of Kentucky.

3/ Includes counties with more than half their physical area in what is usually termed the Outer Bluegrass of Kentucky.

The charge for land and quota is based on the net share rent approach. Net share rent is the residual after landlord payments for fertilizer and chemicals and other inputs and an allocation for barn ownership costs have been subtracted from the value of the landlord's share of the crop under prevailing share-rent arrangements.

COST CHANGES-1978 TO 1979

Variable costs of producing 100 pounds of burley tobacco jumped by 22 percent in 1979 (tables 2 and 3). Although there were substantial increases in input prices, lower yields accounted for three-fifths of the cost increase per 100 pounds.² Yields were 13 percent lower than in 1978.

Labor costs account for nearly three-fourths of all variable costs of producing burley. Wage rates rose by 7 percent in 1979. A major factor in the wage increase was a 25-cent-per-hour boost in the Federal minimum wage rate from \$2.65 per hour to \$2.90 per hour for covered farm employees.³ The higher minimum wage rate affected both covered and noncovered farms, since they are competing for workers.

Fuel prices leaped by more than 50 percent. Fertilizer prices rose by 8 percent.

Total costs, excluding land and quota, are estimated at \$131.52 per 100 pounds in 1979, up from \$108.95 per 100 pounds in 1978. Low yields, together with higher purchase prices of new machinery and higher construction costs of new barns, contributed to the large jump. Land and quota charges averaged \$45.95 per 100 pounds in 1979, compared with \$42.38 in 1978. The increase reflects higher tobacco prices that more than offset larger landlord expenditures.

PROJECTED COSTS IN 1980

Despite an estimated increase in input costs of about 10 percent in 1980, the variable costs per 100 pounds are projected to drop by \$2.56 per 100

pounds. This estimate assumes yields similar to 1976 and 1978.

Wage rates are likely to rise again with the minimum wage rate a major factor. Beginning in January 1980, the Federal minimum wage rate for covered farm employees will increase from \$2.90 per hour to \$3.10 per hour.

Fertilizer prices are expected to increase by about 16 percent in 1980 because of a relatively strong demand and increased costs of manufacturing fertilizer.

Gasoline and diesel prices will continue to rise rapidly in 1980 because of increased costs of developing and supplying these fuels.

Pesticide prices are expected to rise by about 9 percent because of increased costs of material used in their manufacture—particularly petroleum-based materials.

Assuming a recovery in yields, total costs, excluding land and quota, are projected at \$126.89 per 100 pounds in 1980, down \$4.63 from 1979. Together with variable costs, machinery, equipment, and barn costs will continue upward because of hikes in material and labor costs.

The charge for land and quota is expected to rise to about \$48 per 100 pounds in 1980. The rise mainly reflects anticipated higher tobacco prices in 1980.

SUMMARY AND CONCLUSIONS

The cost of inputs used to produce burley tobacco will likely rise by about 10 percent in 1980. Costs per 100 pounds in 1980 will depend both on input price and yield changes. If yields are similar to 1976 and 1978, costs per 100 pounds will decline in 1980 compared with 1979 despite the expected large increase in input costs. Wage rates will increase at about the same rate as last year. Fertilizer and pesticide prices will rise more rapidly than last year. Fuel prices are likely to rise rapidly again in 1980. Machinery, equipment, barn, and repair costs will rise again.

Costs vary markedly from one tobacco grower to another. The cost estimates presented are averages and probably overstate the costs for a tobacco grower whose tractors, machinery, and barns are fully depreciated. On the other hand, they understate the costs for a tobacco grower with new equipment and new barns. Also keep in mind that the cost estimates include not only "out-of-pocket" costs but an "opportunity cost" for the unpaid inputs of operator and family labor and management.

²Yield data are not available by production area for 1979.

³Farm employers who hire 500 or more man-days of labor during at least one calendar quarter during the previous year are subject to the Federal minimum wage rate.

Table 2--Burley tobacco: Production costs per 100 pounds, by cost item, specified areas, 1978

Cost item	Area					
	1	2	3	4	5	All
	- - - - Dollars per 100 pounds - - - -					
Variable	68.98	71.91	69.52	72.01	75.24	71.55
Labor <u>1/</u>	45.17	45.77	45.52	47.75	49.05	46.73
Hired	24.17	16.84	14.14	12.58	13.53	16.29
Family and exchange	8.23	14.48	15.77	17.18	18.28	14.80
Operator	12.77	14.45	15.61	17.99	17.24	15.64
Fertilizer and lime	4.82	7.13	6.69	6.52	7.72	6.56
Pesticides <u>2/</u>	0.58	.34	.24	.38	.28	.37
Sucker control chemicals	0.59	.40	.42	.54	.51	.48
Curing and heating fuel <u>3/</u>	0.63	.54	.35	.26	.15	.39
Custom operations <u>4/</u>	2.84	1.58	1.70	2.25	1.54	1.99
Fuel and lubricants	1.70	2.12	1.85	1.83	2.08	1.92
Repairs	1.99	2.47	1.91	1.87	2.07	2.05
Tobacco crop insurance <u>5/</u>	1.45	2.32	1.40	1.10	1.37	1.52
Marketing fee	6.55	6.55	6.55	6.55	6.55	6.55
Other <u>6/</u>	2.66	2.69	2.89	2.96	3.92	2.99
	:	:	:	:	:	:
Machinery ownership costs <u>7/</u>	9.56	12.21	9.71	12.15	17.30	11.89
Barn ownership costs <u>8/</u>	13.18	9.09	14.51	13.75	15.25	13.00
Insurance <u>9/</u>	1.51	1.44	1.25	1.38	1.76	1.45
Irrigation costs	0.98	1.11	.46	.04	.13	.56
General farm overhead	1.32	1.59	1.73	1.42	2.81	1.76
Management <u>10/</u>	8.80	8.44	8.53	9.00	9.10	8.74
	:	:	:	:	:	:
Total, excluding land and quota	104.33	105.79	105.71	109.75	121.59	108.95
Land and quota charge <u>11/</u>	49.13	43.23	45.46	38.78	30.65	42.38
Yield per acre (pounds) <u>12/</u>	2,238	2,386	2,140	2,118	1,971	2,157
	:	:	:	:	:	:

1/ Includes operator, family, and exchange labor valued at prevailing wage rates. 2/ Includes insecticides, fungicides, and herbicides. 3/ Includes fuel for aiding curing and heating the stripping room. 4/ Includes costs of materials in cases where the farmer could not separate the cost of the materials and the cost of the custom operation. 5/ Net of payments for losses. 6/ Includes tobacco seed, cover crop seed, plant bed canvas, car cost, mule and horse upkeep and other miscellaneous items. 7/ Excludes insurance. 8/ Excludes insurance and taxes. 9/ Includes tobacco prorated share of general farm insurance including machinery and barn insurance. 10/ Estimated at 7 percent of gross tobacco receipts. 11/ Calculated on net share rent basis. 12/ Based on average 1976 yield of farmers surveyed in 1977 adjusted to reflect Crop Reporting Service percentage yield changes in succeeding years.

Table 3--Burley Tobacco: Production costs per 100 pounds, by cost item, study area, preliminary 1979 and projected 1980

Cost item	Year	
	1979	1980
	Dollars per 100 pounds	
Variable	87.64	85.08
Labor <u>1/</u>	56.95	53.50
Hired	19.85	18.65
Family and exchange	18.04	16.95
Operator	19.06	17.90
Fertilizer and lime	8.00	8.14
Pesticides <u>2/</u>	.44	.43
Sucker control chemicals	.55	.51
Curing and heating fuel <u>3/</u>	.57	.65
Custom operations <u>4/</u>	2.49	2.41
Fuel and lubricants	3.42	4.35
Repairs	2.57	2.49
Tobacco crop insurance <u>5/</u>	1.87	1.71
Marketing fee	7.10	7.40
Other <u>6/</u>	3.68	3.49
Machinery ownership costs <u>7/</u>	14.40	13.51
Barn ownership costs <u>8/</u>	15.25	13.89
Insurance <u>9/</u>	1.79	1.64
Irrigation costs	.80	.84
General farm overhead	2.16	2.05
Management <u>10/</u>	9.48	9.88
Total, excluding land and quota	131.52	126.89
Land and quota charge <u>11/</u>	45.95	47.89
Yield per acre (pounds) <u>12/</u>	1,914	2,180

1/ Includes operator, family, and exchange labor valued at prevailing wage rates. 2/ Includes insecticides, fungicides, and herbicides. 3/ Includes fuel for aiding curing and heating the stripping room. 4/ Includes costs of materials in cases where farmers could not separate the cost of the materials and the cost of the custom operations. 5/ Net of payments for losses. 6/ Includes tobacco seed, cover crop seed, plant bed canvas, car costs, mule and horse upkeep and other miscellaneous items. 7/ Excludes insurance. 8/ Excludes insurance and taxes. 9/ Includes tobacco prorated share of general farm insurance including machinery and barn insurance. 10/ Estimated at 7 percent of gross tobacco receipts. 11/ Calculated on net share rent basis. 12/ Based on average 1976 yield of farmers surveyed in 1977 adjusted to reflect Crop Reporting Service percentage yield changes in succeeding years.

STATISTICAL SUMMARY

Item	Unit or base period	1978		1979			Last data as percentage of a year earlier
		Oct.	Nov.	Sept.	Oct.	Nov.	
Average price at auctions							
Flue-cured	Ct. per lb.	135.8	124.9	144.9	138.2	121.9	98
Burley	Ct. per lb.	---	132.2	closed	closed	144.4	109
Maryland	Ct. per lb.	closed	closed	closed	closed	closed	---
Virginia fire-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Ky.-Tenn. fire-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Ky.-Tenn. dark air-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Virginia sun-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Price support level 1/							
Flue-cured	Ct. per lb.	121.0			129.3		107
Burley	Ct. per lb.	124.7			133.3		107
Virginia fire-cured	Ct. per lb.	84.6			90.3		107
Ky.-Tenn. fire-cured	Ct. per lb.	84.6			90.3		107
Ky.-Tenn. dark air-cured	Ct. per lb.	75.2			80.4		107
Virginia sun-cured	Ct. per lb.	75.2			80.4		107
Connecticut Valley cigar binder	Ct. per lb.	86.3			92.3		107
Wis. binder and Ohio filler	Ct. per lb.	62.3			66.6		107
Puerto Rican filler	Ct. per lb.	64.7			69.2		107
Parity index 2/	1910-14=100	761	764	862	870	872	114
Industrial production index 3/	1967=100	149.7	150.6	152.3	152.5		102
Employment	Mil.	95.2	95.7	97.5	97.3		102
Personal income 4/	Bil. dol.	1,781.0		1,958.6	1,975.1		111
		1978		1979			
		Sept.	Oct.	Aug.	Sept.	Oct.	
Taxable removals							
Cigarettes	Bil.	50.3	53.4	55.8	53.0	61.3	115
Cigars and cigarillos	Mil.	427.5	446.4	375.4	351.9	408.1	91
Accumulated from Jan. 1							
Cigarettes	Bil.	465.0	518.5	418.5	471.5	532.8	102
Cigars and cigarillos	Mil.	3,492.1	3,938.5	3,886.5	3,238.4	3,646.6	93
Invoiced to domestic customers		Jan. - Sept.		Jan. - Sept.			
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	26.5		24.2			91
Chewing tobacco	Mil. lb.	69.8		75.2			108
Snuff	Mil. lb.	18.3		18.1			98
Tax-exempt removals							
Cigarettes	Bil.	8.0	7.6	7.8	6.6	8.5	112
Exports	Bil.	7.8	6.3	7.6	5.0	6.9	110
Cigars and cigarillos	Mil.	10.1	14.6	17.0	16.9	14.9	102
Accumulated from Jan. 1							
Cigarettes	Bil.	64.5	72.2	68.2	69.8	78.1	108
Exports	Bil.	55.0	61.4	53.2	58.3	65.1	106
Cigars and cigarillos	Mil.	120.9	135.5	108.9	125.7	140.6	104
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	0.6		0.7			117
Chewing tobacco	Mil. lb.	0.1		0.1			100
Producer price indexes 5/							
Tobacco products	1967=100	205.1	203.7	221.1	221.7	221.9	109
Cigarettes (filtertip, king size)	1967=100	207.7	206.0	223.1	223.1	223.1	108
Cigars	1967=100	139.1	139.4	147.4	147.4	147.1	106
Smoking tobacco	1967=100	213.5	213.5	235.6	235.6	248.6	107
Plug chewing tobacco	1967=100	230.1	230.1	253.9	259.3	269.5	117
Snuff	1967=100	240.7	240.7	258.5	258.5	272.9	113
Consumer price indexes (urban)							
Tobacco products	1967=100	181.5	180.8	189.9	190.9	190.3	105
Cigarettes	1967=100	183.6	183.5	192.6	193.6	193.8	106
Other tobacco products 6/	Dec. 1977=100	105.3	106.4	111.1	112.2	113.0	106
Imports of tobacco							
Cigarette leaf	Mil. lb.	16.4	18.2	17.2	15.0	16.5	91
Cigar tobacco 7/	Mil. lb.	5.4	6.2	6.2	6.4	5.4	87
Accumulated from Jan. 1							
Cigarette leaf	Mil. lb.	150.2	168.4	135.4	150.4	166.9	99
Cigar tobacco 7/	Mil. lb.	46.1	52.3	46.7	53.1	58.5	112

See footnotes at end of table.

STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1978		1979		Last data as percentage of a year earlier	
		Sept.	Oct.	Aug.	Sept.	Oct.	
Exports of leaf tobacco							
(farm-sales weight)							
Flue-cured	Mil. lb.	35.9	88.4	25.1	26.1	40.1	45
Burley	Mil. lb.	4.7	6.8	8.7	5.3	2.1	31
Maryland	Mil. lb.	2.6	1.7	.1	.2	2.1	124
Fire-cured	Mil. lb.	2.8	4.3	2.0	1.8	1.6	36
Dark air-cured	Mil. lb.	.1	.3	.1	.4	*	15
Cigar wrapper	Mil. lb.	.4	.3	.5	.4	.5	167
Cigar binder	Mil. lb.	.1	*	.1	0	0	---
Accumulated from beginning of marketing year <u>8/</u>							
Flue-cured	Mil. lb.	109.2	197.6	49.0	75.1	115.3	58
Burley	Mil. lb.	116.5		116.2	121.5		104
Maryland	Mil. lb.	9.4		9.9	10.1		107
Fire-cured <u>9/</u>	Mil. lb.	20.4		24.0	25.8		126
Dark air-cured <u>9/</u>	Mil. lb.	2.6		2.5	2.9		112
Cigar wrapper	Mil. lb.	.9	1.2	1.0	1.4	1.9	158
Cigar binder	Mil. lb.	.1		*	.1		100
Cigar filler	Mil. lb.	.2		.1	.1		50
Exports of manufactured tobacco in bulk and not elsewhere classified <u>10/</u>	Mil. lb.	.2	.6	3.2	2.7	2.9	483
Accumulated from Jan. 1	Mil. lb.	2.9	3.5	17.8	20.5	23.4	669
Quarterly data							
1978 1979							
July-Sept. : Oct.-Dec. : July-Sept. : Oct.-Dec. :							
Stocks of tobacco--1st of quarter (farm-sales weight) <u>11/</u>							
Domestic types							
Flue-cured	Mil. lb.	2,047	2,457	2,076	2,075		84
Burley	Mil. lb.	1,354	1,209	1,332	1,212		100
Maryland	Mil. lb.	63	50	56	50		100
Fire-cured	Mil. lb.	75	60	84	76		127
Dark air- and sun-cured	Mil. lb.	39	32	40	36		113
Cigar filler	Mil. lb.	70	68	76	69		101
Cigar binder	Mil. lb.	56	50	57	51		102
Cigar wrapper	Mil. lb.	13	10	13	10		100
Under Government loan <u>12/</u>	Mil. lb.	661	671	786	770		115
Foreign types							
Cigarette and smoking	Mil. lb.	625	601	684	696		116
Oriental	Mil. lb.	344	295	365	350		119
Flue-cured	Mil. lb.	130	132	147	157		119
Burley	Mil. lb.	150	174	171	189		109
Cigar	Mil. lb.	97	92	97	95		103
Tobacco outlets <u>13/</u>							
Seasonally adjusted data, annual rates, for charts, p. 2							
Cigarettes							
Production	Bil.	664.1	698.0	671.7	710.5		102
Tax-paid removals	Bil.	577.5	611.5	596.4	594.3		97
Cigar production							
Large	Bil.	4.71	4.51	4.08	4.44		98
Small	Bil.	1.34	1.39	1.70	1.20		86
Smoking production	Mil. lb.	33.5	36.5	31.2	33.6		92
Chewing production							
Loose leaf	Mil. lb.	64.3	62.4	74.3	66.1		106
Plug and other	Mil. lb.	29.0	32.1	29.8	33.1		103
Snuff production	Mil. lb.	24.7	25.0	23.5	23.5		95
Exports of leaf							
Total	Mil. lb.	831.3	951.7	582.1	684.0		72
Flue-cured	Mil. lb.	566.9	817.8	390.1	540.0		69

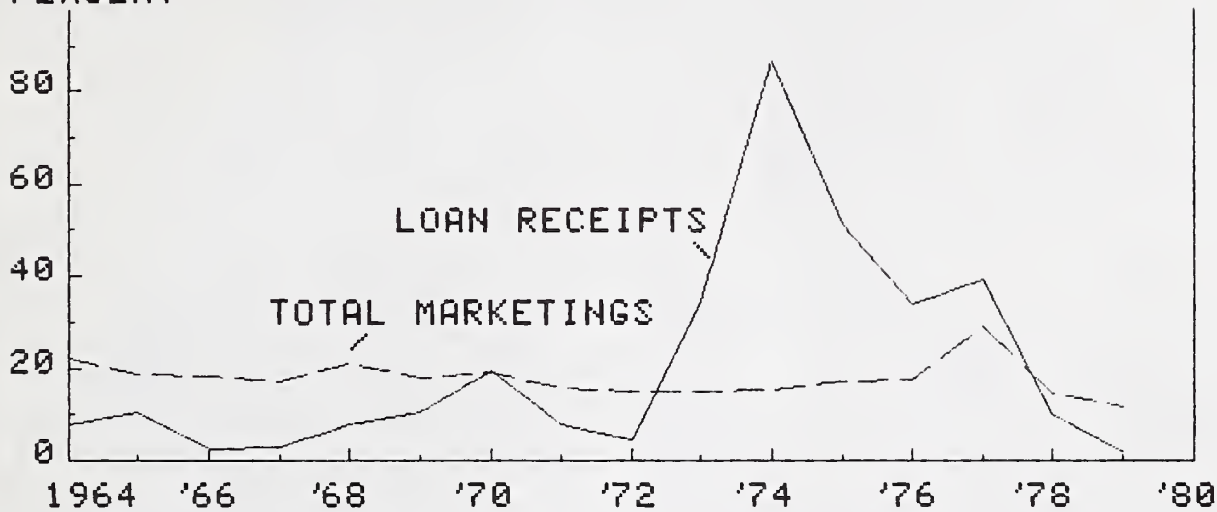
1/ 1978 and 1979 crops, respectively. 2/ Prices paid by farmers including interest, taxes and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Federal and applicable state and local taxes included. 6/ Includes tobacco accessories. 7/ Farm-sales weight equivalent. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Includes Black Fat. 10/ Smoking tobacco in bulk through December 1977. Beginning January 1978 blended strips no longer included. 11/ Holdings of manufacturers and dealers, including grower cooperatives. 12/ Reported by grower cooperatives. 13/ Latest quarter is estimated. *Less than 50,000 pounds. **Estimated. Detail may not add due to rounding.

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P & N GRADES* AS A SHARE OF U.S. FLUE-CURED TOBACCO

PERCENT



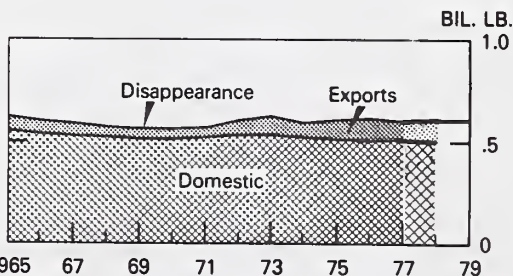
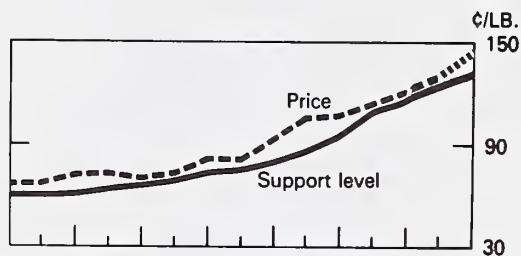
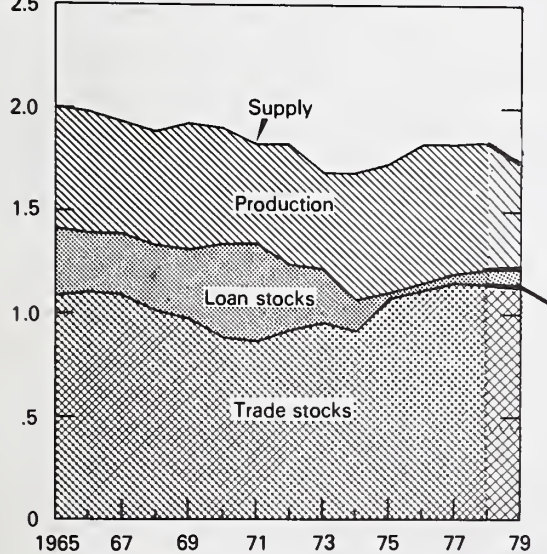
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USDA

NEG. ESCS 2598-79 (10)

BURLEY TOBACCO: SUPPLY, PRICE, USE

BIL. LB.



YEAR BEGINNING OCTOBER 1.

Trade stocks include manufacturers' and dealers'. Latest year forecast.

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Table 28—Netherlands tobacco: Imports, by major suppliers, 1974-78

Year	United States	Brazil	Thailand	Malawi	Italy	Mozambique, South Africa	Other	Total	U.S. share of total
	<i>Million pounds</i>								<i>Percent</i>
1974	31	12	1	5	11	34	67	161	19
1975	31	8	2	8	12	21	65	147	21
1976	27	14	4	8	11	13	66	143	19
1977	32	20	12	11	12	9	² 60	156	21
1978 ¹	36	18	16	12	21	4	² 60	167	22

¹ Subject to revision. ² Includes Indonesia: 1977-10, 1978-8.

Compiled from Foreign Agriculture Trade Circular, FAS, USDA and *Tobacco Quarterly*, Commonwealth Secretariat.

Table 27—West Germany tobacco: Imports, by major suppliers, 1974-78

Year	United States	Italy	Brazil	Greece, Turkey	Poland	Thailand	Other	Total	U.S. share of total
	<i>Million pounds</i>								<i>Percent</i>
1974	44	24	8	54	5	3	53	197	23
1975	88	30	14	49	9	10	91	291	30
1976	94	40	25	39	11	10	98	317	30
1977	88	45	32	38	9	11	88	318	28
1978 ¹	96	40	30	45	10	15	² 108	344	28

¹ Subject to revision. ² Includes 18 million from Republic of Korea.

Compiled from Foreign Agriculture Trade Circular, FAS, USDA.

Richard Hall retired from the U.S. Department of Agriculture in September 1979. He had 28 years of Federal government service, including the past 5 years as a principal contributor to the *Tobacco Situation*.